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INTER-AMERICAN AFFAIRS

OTYZA: INTERNATIONAL PRICE OF OIL IS TOO HIGH

Mexico City EXCELSIOR in Spanish 31 Jul 79 p 4-A, 36-A

[Text] QUITO, 30 Jul (AFP)--The so-called energy "crisis" is basically the product of the collective irrationality [of people] and rationality is the last thing a human being can afford to lose in this life said Jose Andres Oteyza, the Mexican Secretary of Patrimony and Industrial Development.

Three weeks ago, Oteyza presided over the first meeting of the ministers to the Latin American Energy Organization (OLADE), which was held in San Jose, Costa Rica and at which he made an analysis of the critical situation facing Latin America due to the increase in oil prices decreed by OPEC.

He said that the price of crude is too high and the crisis is the result of the lack of international cooperation and a lack of foresight with regard to the long range trends of the worldwide economy.

He warned, according to an OLADE document, that the rich nations are stealing away from others the scarce offerings currently available on the market, which feeds speculation and business profits which are beyond rational limits.

He added that, in the process, the developing economies are more affected than those of the industrial nations because their defense mechanisms are weaker. But the final result is that everyone is severely hurt.

The secretary asked the OLADE member states to be very clear about the progress that they can achieve and to strive to move forward in the task of achieving a broad consensus on the subject of energy whenever the opportunity arises.

It makes no sense, he said, to talk only of petroleum but rather of energy in the broader sense. Discussions should be in open rather than closed meetings. He then stated that it is necessary to establish the basis for a genuine overall discussion of energy, its production and consumption, the trade therein and the transportation thereof, including the major related subjects such as financing and technology.

CSO: 3010

ALONSO SEES FOREIGN POLICY AS UNCERTAIN

Buenos Aires CLARIN in Spanish 20 Jul 79 p 6

[Article by Enrique Alonso; passages in boldface enclosed in slantlines]

[Text] If we want to draw up a balance sheet for Argentine foreign policy over the last 3 months, or perhaps for the past year, we will have to accept the fact that the result is frankly uncertain.

In these columns, we were the first to point out that the struggles the country has to face are intimately connected with one another and that some of them serve as /"anchors"/ for others.

At the present time, this notion is widely accepted, perhaps due to the difficulties encountered at the time in facing up to the problem of the Alto Parana dams while there was tension in the south with Chile, and vice versa. But now the Chilean problem has entered a dormant phase. From the moment the good offices of Pope John Paul II were solicited as mediator, the obstacle presented by Yacyreta, consideration of which obviously demands priority, has arisen.

It is hard to exactly figure out Paraguay's reasons for deciding to abandon the policy agreed on 2 years ago. Argentina's failure to complete a number of projects contracted for over a period of time cannot be the main reason since this has to do with a situation all were perfectly aware of when the Yacyreta Agreement was signed and notes were exchanged back and forth to establish policy and solicit financing from abroad.

Nor does the problem of indemnifications for the flooding to a certain extent of the respective territories involved appear to be a valid reason since they were agreed on in the text of the above-noted agreement and we must presume that adequate sums would have been advanced in determining them so that they would not constitute a possibly deterrent "risk" for Argentina, nor a permanent burden on the operation of the power station.

However, according to the available information, it now constitutes an earlier unknown factor to be cleared up before returning to the heart of the policy.

One might imagine that Paraguay /has no interest in accelerating the Yacyreta program/ (not even at the rate set in the agreed-on schedule) because it wants to sensibly allocate its resources in terms of manpower and management personnel. In connection with this, /it would prefer to complete certain phases of the Itaipu program first/ in order to put its unemployed to work elsewhere as soon as possible. But such an attitude would have deplorable consequences for bilateral relations and even for the economic balance among the countries of the Plata Basin. It is up to Paraguay and none other than Paraguay to decide whether it wants a /privileged relationship/ with Brazil such that it could allow itself to obviously neglect other countries it shares borders with.

We do not want to make a value judgment on a step the seriousness of which should be evaluated by the authorities and the people of Paraguay. But this should be done knowing that /Argentina's fundamental interests are being damaged/, in the production of electricity (which has become critical during the past few months), in the regional development of the north and northeast, in the repercussion over the other binational Corpus project and in the worsening of the imbalance already noticeable in the southern cone of South America. All these are objective problems that will end up being fully clarified and will determine the appropriate response in each case. We must therefore ask ourselves about the basis for Paraguay's attitude — /which cannot be a gratuitous or irrational aggression/ — and in connection with this it would be appropriate for the Paraguayan and Argentine foreign ministries to provide detailed information on the affair. Now, actually, /why did the Asuncion Government think it was authorized to reformulate the agreement made 2 years ago, to send a unilateral mission to international financing agencies to explain its position of being opposed to the continuation of the project as originally conceived and to then enter a new phase of negotiations of the kind we are now experiencing?/

The Yacyreta situation acts like a new /"anchor"/ as regards Corpus, curiously protagonized by the partner to both undertakings. This is why all the good news that arrives from Brasilia to the effect that there is good will in the new government to negotiate with Argentina and that to that end the positions of the different sectors of the /Figueiredo/ administration are being unified must be taken parenthetically.

Since what matters in all this is in the final analysis the /time factor/, it must be admitted that at least 3 months have been lost in the implementation of international financing for Yacyreta. It has been insinuated that it could be in Paraguay's interest to come to grips with the Corpus situation before doing so with Yacyreta, but this would entail fresh delays since it would have to arrange for the administrative project. There is talk of the Upper Uruguay dams in association with Brazil but, if the price that has to be paid for them is the abandonment of the Parana projects, /they will merely consolidate the already existing imbalance on the border/, upon whose dramatic features we need not at this time dwell. And the delays at Yacyreta are reflected in the Corpus situation, although formally we are dealing with two independent transactions.

So, as we have repeatedly said, /foreign policy can only be the projection of the core of internal decisions/ and these must be used to serve development and Argentine self-determination and sovereignty so that they will be viable when faced with nations that defend perfectly defined interests. Thus we must also now say that, like a boomerang, /external frustrations are reflected in internal problems/, as is the case with the electricity schedule or the fate of the interior regions or the purely national hydro-electric power projects. Obviously, "time" can be measured in two ways: one for the other party to negotiations and the other for the Argentines themselves.

It is hard to know whether these problems, which have gotten to be chronic, and to which we must add the Falkland Islands (because, of course, the conversations these past few days with the English undersecretary are not unimportant), are enabling the Ministry of Foreign Affairs to carefully evaluate the radical changes that are taking place in the hemisphere and in the world. The somewhat indecisive handling of the Nicaraguan question (it was odd that the minister of foreign affairs did not participate in the recent OAS conference where topics were debated that have to do with Argentine interests and presence in the hemisphere) leads us to suppose a /certain amount of indecision/, all the more so when we bear in mind that at that time our ambassador to the OAS was replaced.

Apparently Mr /Carasales/ overcame the critical moment with dignity and the words uttered by Ambassador /Raul Quijano/ on assuming his duties were cautious and sensible, as befits a person with his prestige, but this cannot obviate the need for offering a /clearcut statement/, regardless.

The forces that have been building up about the Nicaraguan situation exhibit a new balance of power that must be carefully observed from all the observation posts Argentina has at its disposal for such purposes abroad, the effectiveness of which ought to be tested. And this is so because the new trends (Washington's attitude, the role of the Andean Treaty states, the role of Panama and the Dominican Republic, etc.) are not likely to disappear through this incident; rather they will continue to affect the hemisphere as a whole.

Let us not talk of the recent developments throughout the world, the latest of which is the affirmation of coexistence and the trend toward peace attested by the signing of the SALT II agreements which strive to avoid nuclear proliferation.

No matter how we regard challenges from abroad, they require /flexible, modern responses with an eye to the future, inspired by a determination to develop the nation and endow it with greatness/.

The current minister of foreign affairs demonstrated that this is the way he feels about it when he hurried to Geneva to participate in the conference on Vietnamese refugees. The nation thus attested to its usual generosity,



which is certainly plausible. This incident, celebrated by all sectors, ought to be typical of those actions which, focused on the national interest, oppose both /"traditional"/ and /recent/ disputes, as well as activist movements throughout the world and the Americas. /Achieving this will for Argentina be a concrete way of recovering the prestige that has always accompanied its diplomacy./

11,466  
CSO: 3010

## 'LA PRENSA' EXAMINES THE INTERNATIONALIZATION OF TERRORISM

Buenos Aires LA PRENSA in Spanish 8 Jul 79 p 9

[Text] All the facts and circumstances the daily press has been reporting lately contribute to the strengthening of the conviction — at first it was an assumption, later a suspicion and then a vehement presumption — that terrorism is a single movement and that, disguised with local motivations or incentives, it notwithstanding operates through different and concealed channels, directed by the Soviet Union through the intermediary of its secret agents, diplomats and special police, the KGB. The use of violence for political ends and the seizure of power is not a new phenomenon in modern history. In the final years of the last century, Europe — from Spain to Russia — was torn by a real outbreak of terrorism that resulted in the downfall of autocratic regimes and eliminated the "crowned heads" who through their dynasties had for centuries governed the destinies of great nations. Now, however, the chief aim of terrorism consists of stirring up trouble for democratic regimes and provoking disorder and chaos in the Western world.

It is easy to understand that a task of this kind, so vast and whose execution demands the constant employment of huge resources (arms, money, means of communication, refugees, training and recruitment of manpower), of necessity requires a center for coordination and command. The existence of such a center was not at first noticed, when guerrilla organizations popped up one after another as "opposition" forces within which the notion of adventure was confused with that of adventure in pursuit of power. This was the ultimate form of extremism, now armed, perhaps convinced of the uselessness of what it was preaching, of its repeated failure in its efforts to win over the will of the people by peaceful and legal means. There is no way of determining a specific date for the beginning of this phenomenon, universal as few others are, but the period starting with 1960 exhibits abundant indications of the fact that international, subversive violence was organized during that decade.

The successes achieved in Paris in May 1968 mark the moment of conception of this nihilism whose earlier expression in the 19th century was masterfully analyzed by Albert Camus.

Since then, there has been no lack of situations capable of being used as a pretext for guerrilla action, such as the Somoza dynasty's regime and others, which, in preventing the formation of political parties capable of the democratic exercise of power and bloodily repressing every attempt at regaining respect for human rights, encourage opposition rebellion through ideological groups, revolutionary cells, terrorist commands and finally guerrillas, who wind up being a sort of "intimate enemy" of the dictatorship they propose to overthrow, only to replace it with another.

After the initial domestic phase, the guerrillas — who at first rob banks to provide themselves with funds with which they can buy arms, set up refuges, incorporate and train troops and open channels for the constant recruitment of manpower — review all their acts as though they were fighting a civil or localized war, according to well-known manuals; the Brazilian, Marighella, is one of these. At the same time and in search of publicity, they make themselves known on the public scene with the kidnaping and assassination of businessmen, political and union leaders, to finally fix their sights on the armed forces as embodied in their chiefs and officers. Before reaching this point, the guerrillas and the terrorist movement have already targeted the police organizations for the unmistakable purpose of demonstrating that these are in the end inadequate in resisting them. It is therefore clear that guerrilla warfare is not — as Peron falsely said — a police problem. We are rather on the threshold of a new phase, of planned insurrection, armed forces intervention. And all this has happened in Argentina, in Uruguay, in Brazil and in the rest of South America. From now on, we can say that guerrilla action is assuming the form of a war consisting of successive acts of war which entail not just a few of the consequences armed confrontations provoke when they have gone beyond a certain point.

Therefore, guerrilla warfare ceases to be a local phenomenon, becoming instead a regional, continental and finally a world problem. When it acquires this magnitude, guerrilla warfare assumes a complex form of organization and operation which can only be managed with large sums of money, large-scale training, coordinated plans and the complicity of several countries directly interested in the operation. And what other country, if not the Soviet Union, would be capable of running the complex networks of international guerrilla warfare? All by itself, Moscow is in a position to provide guerrillas with everything through its experienced KGB [Committee for State Security], its diplomats and its communist parties (whose job — paradoxically it would seem — in some countries, in Europe especially, consists of denouncing as "inappropriate" guerrilla warfare and terrorism), whether through the PLO [Palestine Liberation Organisation] and its Eastern European satellites or Cuba. It is no secret that guerrilla warfare and terrorism alone operate in the Western world and against it and that, as a result, only one country benefits from their efforts, the Soviet Union.

Hence guerrillas — independently of the colors, forms, idiosyncrasies, slogans, watchwords, ideologies and objectives they may exhibit in each country — viewed as a whole, are in fact an army subject to the orders of

Moscow, that is, a tremendous auxiliary force charged with waging a war of attrition against Western society, one for which the Kremlin does not have to provide a single soldier.

This attitude toward guerrilla warfare as a force assigned to a program for worldwide domination over political power, which LA PRENSA has during the past few years denounced, has also just been expressed by British journalist Robert Moss — who recently visited us and interviews with whom and whose statements have been extensively reported by this daily — at a conference held in Jerusalem to examine the phenomenon of guerrilla warfare in the Western world. Moss made very serious charges which, as regards direct participation by the PLO in Brazil and by Cuba in Central America who are taking advantage of the Nicaraguan conflict situation, could once again lead to a restatement of the problem of national integrity and hemisphere unity in alarming terms in this country.

11,466  
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**SOCIALIST-PIO ALLIANCE VIEWED AS OIL MOTIVATED**

Buenos Aires LA PRENSA in Spanish 20 Jul 79 p 8

[Editorial: "The PIO and the Socialist International"]

[Text] As members of the Socialist International, which has its headquarters in London, Austrian Chancellor Bruno Kreisky and FRG ex-Chancellor Willy Brandt, who is now president of that organization, over a period of 3 consecutive days for 10 hours conferred with Yasser Arafat, the leader of the Palestine Liberation Organization (PIO) in Vienna. At the end of these lengthy meetings, the social democratic leaders reached the conclusion that not only could they discuss matters and negotiate with the PIO, but also obtain from it — which still sticks to its oath to "destroy Israel" and "push it into the sea" with fire and sword — recognition of the Jewish state. Such a wild assumption and such exaggerated optimism are the latest developments in the language and attitudes of European social democracy. Arafat has said nothing, but that is because, as Israeli Socialist deputy and head of the Prime Minister Begin Government's opposition Shimon Peres would point out: "If the PIO recognizes Israel, it ceases to be the PIO." Both Kreisky, who with due ceremony officially welcomed Arafat, and Willy Brandt said they were acting under the mandate of the Socialist International, although, as far as Kreisky is concerned, he has been unable to determine the precise boundary between his obligations and responsibilities as chief of state and those incumbent on him as leader of a party that belongs to the above-mentioned organization.

As was to be expected, Jerusalem recalled its ambassador in Vienna for consultation, an act of obvious protest against the behavior of the Austrian chancellor, and his return to his post may be delayed.

According to several press reports, a serious difference of opinion has apparently arisen between the governments of Austria and Israel. We already know that the Israeli Parliament has with opposing votes by five deputies (three Communists, taken for granted, and two lawmakers from the minuscule Zionist-Socialist "Sheli" Party) resolved to condemn the behavior of Kreisky in having officially received the leader of "a terrorist organization whose objective is to destroy Israel." As for Kreisky, he appeared to discount the importance of this protest — which included all the deputies of the

Israeli Labor Party, an affiliate of the Socialist International — saying that "Arafat is far from being as adamant as he is made out to be and is prepared to make certain compromises." Without losing a minute's time, Begin said he was sure that "we will overcome Nazis like Arafat and his followers, whoever they may be," alluding perhaps in an evidently extreme manner to Kreisky whose anti-Nazi record shelters him from such an extreme description.

In fact, the diplomatic difference of opinion loses its meaning in the face of the political nature of the incident, and even more than political, ideological, because the Socialist International did not feel the same way about the PLO before as it seems to now. And the German Social Democrats felt even less about it in that way. In the three basic papers issued by the Socialist International following the war, first in Frankfurt in 1951, then in Oslo in 1962 and finally in Brussels, there cannot be found a single line that anticipates the attitude Kreisky and Brandt have just assumed. Furthermore, at the Eighth Socialist International Congress held in Amsterdam between 9 and 12 September 1963, the organization expressed its concern "for the large-scale supplying of Soviet arms to the United Arab Republic and for the efforts of former Nazi experts in Egypt in the manufacture of mass-destruction weapons." The congress also condemned "threats to destroy Israel" and drafted "an appeal to the Arab states and Israel to enter into direct negotiations without prejudicial preconditions on either side for the purpose of arriving at a settlement of all outstanding problems and of creating conditions for peaceful coexistence." This was precisely the path followed 15 years later — first in Jerusalem and after that at Camp David — by Egypt and Israel who were promptly attacked with vile language and repeated death threats by the PLO and the "hard-lining" Arab states that make up the "rejection front." In the same resolution the Socialist International Congress held in Amsterdam proclaimed its desire to "establish friendly relations with all the progressive forces in the Arab world and the broader region of the Middle East that are dedicated to the cause of peace." Is the PLO a "progressive force"? Or is it necessary to remind ourselves of the rosary of its crimes from, if not, more precisely speaking, before, the date on which the transcript of the Socialist International resolution was issued?

The step taken by Kreisky and Brandt in the name of the Socialist International deserves to be followed with unrelenting attention. It reveals the strengthening of a tendency long evident and which has been reasserting itself through various attitudes and incidents. To attempt to explain it, we must first understand the following: that while before World War II there had only been socialist governments in Sweden and England and the "Popular Union" in France and Spain, after 1945 there were such governments in many European countries and at present one out of every three votes cast in Europe is for parties that are members of the Socialist International. That is, for a period of a little more than 15 years European democratic socialism generally constituted the government opposition, with all the responsibilities the latter entails including the promotion of foreign trade, the winning of



new markets and a fluid and flexible diplomacy. While, on the one hand, social democracy never ceased to emphasize the distance that separates it from the communist conception of government, way of life and society, on the other, it was constantly setting snares to politically win over the peoples of Asia, Africa and Latin America as if to develop a strategy of broad range and long term which consisted of presenting itself in those areas as an alternative to the misleading propaganda of totalitarian communism, of encroaching on Moscow's political space and of competing with it for clients and sympathizers.

The Socialist International will probably offer to invite Arafat to its next conference as an "observer" at the same time the White House, through one of its spokesmen, is saying that the PLO's chances of being recognized by the United States are fluctuating within a wavelength that goes from remote to zero.

Nothing in this situation is clear, nor has the last word been said. We may well ask ourselves whether they are trying to grant the PLO the bill of indemnity that some countries do not dare grant it through diplomatic channels by means of a political shortcut.

Let us add a final word: All this smells of oil.

11,466  
CSO: 3010

REPORTAGE ON ENERGY-RELATED DEVELOPMENTS, SETBACKS

Effects of Oil Crisis

Buenos Aires LA NACION in Spanish 8 Jul 79 pp 1, 8 sec 3

[Excerpts] Raul Ondarts

The president of the YPF [Government Oil Deposits] gave the following answer regarding how the increase in the international prices of oil approved by OPEC affects Argentina:

"We produce some 90 percent of our oil at home. Theoretically, its cost of production and, therefore, sale price should not be altered by OPEC's decisions. Unfortunately, however, this is not so. When oil prices are increased these pull up through "sympathy" (term of the new economic jargon, which is much less congenial) the prices of the equipment used in production and refining; which leads to a price rise in our own product. It has already happened, between 1974 and 1978."

The "Spot" Market

Regarding the percentage of oil which is still imported, the president of the YPF held that "Argentina does not buy in the OPEC market but rather in a market where the prices are much higher at this time. The latter is the "spot" market to which only part of the oil production is channeled (between 5 and 10 percent) and which has been completely dislocated in the last few months.

That is where the large independent refineries of Europe and generally countries which are not big importers such as ourselves used to buy. Unfortunately, this market got completely out of hand when countries importing directly from OPEC and the large oil companies which also have direct contracts with the producing countries tried to go and seek in the spot market the balance of the oil which they lacked. It is not very clear how this market will develop. In the last few days it seemed that price hikes were tending to level off. The production of an additional 1 million barrels a day by Saudi Arabia could cause prices to drop. At some points this market

was selling at levels below OPEC prices while now the spot market prices are nearing twice OPEC prices. If the reductions in oil consumption decided on by the United States, the European Common Market, and Japan are implemented, prices may possibly level off."

#### Price Hikes

Engineer Ondarts considers that "when oil prices rise, sooner or later there would have to occur in Argentina because of the reasons that we have just enumerated and others a rise in the domestic prices of fuels. This will make it possible to look for oil in areas where are not yet commercially attractive. In truth, it has often been held that the price of oil must reasonably increase because it must continually be sought at greater depths and in most difficult locations. This trend cannot be avoided and an increase in the real values of oil in our country is to be foreseen--a trend running against the present one, since the price of fuel in real terms has been falling significantly for more than a year now."

Finally, the president of YPF believes that "it is in this sense that the declarations of those who agree that the rise in oil prices would in the long run be beneficial to Argentina must be interpreted. With better prices we can offer better incentives for the search for hydrocarbons in our country and find new reserves."

#### Juan M. Bustos Fernandez

"The rise in the price of oil does not occur as a result of someone's whim but rather reflects a fact of life, namely, its scarcity. There is a shortage of oil so its price is rising. A few years ago its price was unrealistic because a nonrenewable resource that was involved was being overlooked. Now then, either more oil will be found or other sources of energy that are economical and reliable will have to be used. But the price of oil will keep rising until a substitute is found, one not perceivable now."

That is what Dr J.M. Bustos Fernandez, vice president of the Perez Companc Shipping and Oil Company, said. He deems it very difficult for coal to be the alternatives because among other reasons of the pollution that it generates and because of the difficulty in its use owing to its large mass. The proof of this is that President Jimmy Carter made a big thing of American coal resources in his electoral campaign but later did not implement any project in this respect. South Africa has developed a technology to produce gasoline from coal but at a very high cost, much higher than that of oil, be mentioned.

## Uranium and Sun

As regards atomic energy, its technology has not been mastered completely, as suggested by some accidents, and solar energy is even more expensive than oil. On analyzing the use of a given source one should not lose sight of the fact that in order to obtain energy it is generally necessary to use energy and that in many cases the former does not offset the latter.

Dr Bustos Fernandez made a comparison between the United States and Argentina. The former is not convinced that it suffers from a lack of energy which is not solved by blaming the Arabs, the multinational corporations, or the president. The United States can no longer derive energy from hydroelectric sources (nearly completely exploited), coal is not a solution, atomic energy generates distrust and its cost is higher than had been thought (the disposal of nuclear wastes calls for very expensive processes); its oil supply is diminishing.

## The Possibilities

On the otherhand, Argentina has superabundant sources from which to obtain energy.

Whereas Romania, for example, has hundreds of small plants on streams, Argentina has available for its development more than 90 percent of its major waterways. Dr Bustos Fernandez is of the opinion that the existing oil policy, which could be considered aggressive compared to earlier ones, should channel even more resources to Argentina's barely explored sedimentary basins. Earlier, the majority of Argentina's deposits used to be considered as marginal because one oil well would yield 30 cubic meters of crude a day compared to 1,000 cubic meters in the Middle East. It was thus said that Argentina was "a country with oil but not an oil-producing country." However, more rather than less oil can be extracted depending on its price and thus, without discovering new deposits and with the price of the cubic meter of oil getting close to U.S. \$200, Argentina is now an oil-producing country.

## Sixty Dollars Per Cubic Meter

At this time the sale of oil by the YPF on the domestic market at some U.S. \$60 per cubic meter indicates the existence of abundant cheap energy which implies greater attraction for investments than the best law to promote industrial development.

Other natural factors favor us. Our agricultural products call for less energy (fertilizers, tractors, pesticides) than those in the United States and Europe, and our animals are not raised in stables. The largest human concentration in Argentina is located in an area of temperate climate which does not call for gigantic investments as in the case of Canada and other countries obliged to protect themselves from the cold.

## "An Energy Giant"

"Whereas the United States is not persuaded that it is not an 'energy dwarf,'" he concluded, "in Argentina we are not convinced that we are an 'energy giant.' While in the United States a blackout led to disorder and vandalism, here we have cuts in electric power supply nearly every day and they seem to us the most natural thing in the world."

### Ricardo Grueneisen

"The present world oil crisis must be considered much more serious than the previous one 6 years ago," Dr Ricardo Grueneisen, president of the Argentine Astra Oil Company and former president of the Central Bank of Argentina, said, adding: "Today, what is involved is not only a sharp price rise but also, in addition, a deliberately provoked and proclaimed scarcity of oil which could mean very serious social and political problems for the consuming countries."

"In my opinion it is completely understandable that before such a situation some countries which could be totally self-sufficient should strive to become so without the slightest delay." As far as its repercussion in Argentina is concerned, he noted that "it has large areas which have still not been explored, it enjoys the experience of long decades of oil-producing operations, it has the necessary equipment and technicians, and an entire infrastructure in motion."

### Idle Equipment

Given all the favorable conditions available to Argentina in this respect Grueneisen cannot understand how "a high percentage of drilling equipment has been idle since the close of last year for lack of work," and he immediately added that "to allege that an intensification in the rate of drilling would not be desirable because its financing would be inflationary means accepting that it is more desirable to import at \$200 per cubic meter oil that we could produce at home for \$80 and that this does not generate inflation."

Grueneisen considers that this is a serious error on the part of the authorities and that "no matter what rhetorical subtleties they may try to use this is something that can never be proven since it runs counter to what all the actions of men and nations should be, that is, logic and common sense."

### Extraction

Regarding the existing situation of the oil sector Grueneisen said that in Argentina "we have discovered a little oil everywhere except in Mesopotamia. At this time oil is being extracted in Jujuy, Salta, Mendoza, Neuquen, Rio Negro, La Pampa, Chubut, Santa Cruz, and Tierra del Fuego." As regards

offshore drilling he noted that "the YPF would not be justified running great risks in exploration adventures offshore when international private capital is prepared to do so."

As for the favorable repercussion that the oil crisis could have in Argentina, Grueneisen considers that it will have the effect of interesting foreign capital in investing in Argentina, considering that in Europe and the United States it is expected that the oil crisis will cause inflation, recession, and unemployment, with all the social consequences that this implies, including "giving one more argument to terrorism and to the extreme left."

Grueneisen added that "the businessmen of those countries see this crisis as an inexorable fact" and that it is logical to believe that they are seeking to invest part of their capital in more secure locations. "What better place than Argentina," he asked, "where there is only one problem--the high rate of inflation."

#### Self-Sufficiency

Returning to the theme of oil in Argentina, Grueneisen underscored that the directive should be that it is necessary to drill and mobilize all elements to reach self-sufficiency as soon as possible. "The best example is that of Canada," he added, "where they bored unsuccessfully for 30 years and on finding oil they continued to drill at a rate of 4,000 wells a year and for some years now Canada has been an oil-producing country."

#### Facundo Suarez

The former president of the YPF, Dr Facundo Suarez, feels that "while there is no question that our country has to solve problems of survival through the influence of its own infrastructure, the international context in which it finds itself endows it with some advantage in two such fundamental areas as foodstuffs and energy.

"Our country's immediate future and the projection of the next few decisive decades of an obvious historic juncture depend on the sound use of these two resources," he warned.

Regarding energy Facundo Suarez held that "in the global context of utilization percentage, oil predominates absolutely for the time being even though energy policy appropriately seeks a change of that percentage in the interest of renewable hydroelectric, nuclear, and unconventional sources. And that is precisely the sound policy to follow."



Facundo Suarez recalled that in the present state of Argentina's oil needs "some 10 to 15 percent of the required total is imported. This means that if prices continue to move in the way they have been doing, their share in our economic development should adjust to that percentage of imports. One fact evidencing this reality is the situation of Brazil which, given the growth trend of its industrial setup and its development as an 'emerging power,' should give very serious attention to the lack of its own energy-fuel to sustain its growing aspirations whose cost in dollars is astronomical, critically jeopardizing its consolidation.

"Our hydroelectric resources development plan, together with the nuclear program so well executed, is the appropriate form to meet our requirements. It would be very patriotic and intelligent if in the field of hydroelectric power the use of resources were done, at any cost, in 'nonconflictual' border areas. In this sense the Middle Parana River project--which all Argentine citizens will have to watch very carefully so that its execution may not be delayed--is of a priority nature and must be accompanied by the development of the entire Andean Basin whose potential is equivalent to the entire present energy production. This should be complemented with a border policy which focuses on the development of such areas as Santa Cruz Province where the Santa Cruz River can provide 3,000 megawatts of power.

"The energy problem, then, in this situation framework is no longer a problem and becomes a challenge to the imagination and national endeavor given that all the conditions are present to solve it with that assurance of sovereignty which national geopolitics offers us."

#### The YPF and Its Contractors

"The international increase in oil prices creates problems for the YPF because it alters costs with the contractors. The oil-extracting companies over-all have agreed on prices in their work which to some extent are related to the international price of oil and in some cases they clearly refer to what could represent 60 percent of the international price. This fact is significant but should not be considered alarming for the YPF's finances given that the companies have as the basis of the latter adjustments the value of the dollar which--as is a matter of public consensus--is undervalued. This fact provides a palliative rather than a solution for the claimed costs of private companies."

Facundo Suarez is of the opinion that "where the question could become complicated is in the method of the latest contracts in which the contracting firms are given freedom to sell surplus production. I believe that Argentina's potentials in the energy field have to be structured with a future vision given that it is possible to anticipate that the inflationary thrust, financial imbalance (Treasury deficit), massive indexation, and inflationary stimulus must be controlled, bringing clear economic reactivation as a logical consequence.

"If we recover the historic line of growth of our country, our problems can be pinned down to the balance of payments. For that reason, in the immediate future the YPF must be endowed with the necessary means, that is, by amending the rates which until now have had an exclusively fiscal-oriented purpose in order to make it possible to use all the potential of the Argentine oil-producing industrial facilities. In the existing situation we could be one of the few countries in the world which have such sizable idle facilities for the drilling, repair and reconditioning of wells."

Dr Facundo Suarez is of the opinion that repeatedly private activity in the oil industry has called for greater participation and execution of more extensive drilling plans. With existing prices this sector can be activated by securing financing for the YPF that would make it possible to realize this lucrative and efficient activity for the sake of immediate national development. An economic policy in the YPF's budget in terms of exploration and development will postpone the problem, seemingly by a year or 2.

Listing essentially the critical points affecting our country as a consequence of international oil policy and its consequences in the interplay of the dominant world powers, Facundo Suarez synthesized his position as follows: "Lately a split world finds us in possession of the indispensable basic elements so that we may emerge in a very positive survival situation.

"Simply," he added, "we must become adequately aware of it and solve the problem with common sense."

#### Oil Exploitation Bids

Buenos Aires LA TRENDA in Spanish 11 Jul 79 p 4 s 2

[Text] The Bidas SA, Saipen SA, and Saipen SPA firms bid lowest in the preliminary competitive bidding regarding prices for the operation and maintenance of the semi-underwater General Enrique Mosconi platform owned by the YPF.

Said private firms quoted a daily rate of U.S. \$15,000 for their services and an alternative price of \$14,500 while in a second bid by Saipen SPA, Bidas SA, and Saipen SA (operator: American Drilling Company) the daily quoted rate was \$13,985.

Furthermore, the YPF announced that the qualification of the offers presented by the three firms mentioned remained premised on the fact that in case they are adjudicated, Saipen SPA, depending on the situation, will be effectively responsible as the controlling company for undertaking the approved tasks and supplying personnel.

Bidas SA and its associates were those entrusted up to now with the operation of the General Enrique Mosconi underwater platform and the drillings effected in the Argentine ocean area in the south in search of oil-bearing zones.

#### Amounts

The amounts quoted by the remaining competing firms upon the invitation to bid of the YPF were the following: Astrafor SA, Global Marine Inc., Caribbean Inc. \$16,427, Perez Companc Shipping Company, and Diamond Company, \$19,500, and as alternative price, \$17,940 a day.

Similarly, Dolphin International SA and Vematek SA quoted a rate of \$16,400 and as an alternative rate \$18,750 daily for the operation and maintenance of the platform.

On their part Forex Neptune International and Tecnicagua SA quoted a rate of \$34,850 while Reading Bates Company and Quitral-Co SA quoted \$25,400.

Finally, the associated firms of Atwood Oceanics Inc., Argentine Oil Alliance SA, and Argentine Shipping Alliance SA quoted \$23,268 a day.

#### Reserves Not Up To Demand

Buenos Aires LA NACION in Spanish 14 Jul 79 p 8

[Editorial: "The Electricity Crisis"]

[Text] Today public opinion is preoccupied with our capacity for generating electric power which affects the area of the National Electric Grid. Unfortunately, this concern is prompted by the periodic manifestation of a structural defect which comes from way back and which, after these crisis are overcome, is forgotten with ready ease.

It is absolutely necessary that the government authorities and people become clearly and definitively aware of the fact that these sporadic phenomena--such as the one we are experiencing now--are the result of a permanent and profound cause which it is necessary to face. Precisely because a long and complex task is involved it becomes more necessary not to waste time before tackling it.

The plain truth is that Argentina lacks adequate reserves to face its electric energy requirements. The Secretary of Energy, with a plausible and comforting optimism, can talk of a reserve of about 35 percent, but truly these exist only assuming optimal operating conditions of the system, overlooking the natural wear and tear of the installations and the growth in demand.

The real reserve would seem to be in the order of 12 percent, a level which can only meet routine demands and is insufficient, as now, to face any extraordinary emergency. Even though that is how the situation shapes up, one should not overlook the fact that this slim reserve will be eaten up

very soon by the increase in demand (if the present trend is maintained the latter will reach 15.5 percent by the end of the year) without the addition of new sources being able to reverse this process.

Perhaps this last assertion can appear pessimistic, but it is only realistic. People are accustomed to forgetting that the construction of electric power stations takes a long time: A thermoelectric plant calls for about a 5-year lag between the decision to build it and putting it into service, and this time lag becomes 10 or more years in the case of a hydroelectric plant. Presently the project that is most advanced is the Ansaldo turbogenerator being installed at the Sorrento power station in Rosario with a 165-megawatt capacity and which could be placed into service by the end of next year.

Late- the extension of the San Nicolas power station will occur with an addition of 350 megawatts. In all this comes to 515 megawatts, which will fall short of meeting the foreseeable growth of demand in the National Electric Grid which, while these facilities are being placed into service, will have surely exceeded 800 megawatts.

The same phenomenon is bound to be repeated with the successive entry into service of the three 310-megawatt Soviet turbogenerators one of which will be installed at the Costanera power station and two in Bahia Blanca. While this is being done--calling for between 3 to 5 years--these additional 930 megawatts will be absorbed by the time process, to which must be added the drop in production on account of the natural wear and tear of the oldest generators in the existing thermoelectric facilities.

The Salto Grande power station deserves special treatment. What is involved is a project of extraordinary significance but, like all human projects, it has its limitations. Today as was the case at the time of El Chocon, Salto Grande seems to be a panacea. What is certain is that a major step forward is involved but that in any case a definitive solution is necessary to meet the existing difficulties.

In the first place it should be recalled that more than 2 years will elapse before all the turbines at Salto Grande will be in operation. Secondly and most importantly, the very characteristics of the project impose limits on it that cannot be overlooked in terms of basic solutions: The small amount of water dammed up (5,000 cubic hectometers, one-quarter of the volume stored at the El Chocon dam) and the great variations of the water flow of the Uruguay River (from 200 to 25,000 cubic meters per second in the intermediate term) make it an excellent basic power station during the time that water is available but prevent it from having floating reserves with which to assist the electric grid in case of emergencies.

Considering these characteristics we have the fact of a thermoelectric setup damaged by a process that it would take too long to describe and for which the present executives of the various firms providing the service are not responsible, a circumstance that has special relevance to the most important of them, the Electric Services Company of Greater Buenos Aires.

The above justifies appropriate pessimism which in reality is the necessary basis for finding definitive solutions. These are perfectly feasible. It is certainly easy to emerge from the situation now at the price of relapsing in a short time into the same difficulties as today, as has occurred repeatedly since 1950 when we started along the path that brought us to the existing situation despite the various efforts at solution achieved since then.

At present the only possible solution is sacrifice: It is inevitable that discipline should have to be imposed on the consumer and that he be exposed to inconveniences. Our thermoelectric facilities urgently demand not maintenance but repairs. To undertake them will be reflected in restrictions on consumption in order to allow the equipment to be shut down and thus make it possible to put it to optimum operating shape. What is involved is not a popular decision any more than surgery is, and it will have a political price tag which it is not appropriate to evaluate here.

Simultaneously and as a medium-term solution, one has to envision the construction of a large thermoelectric power plant--with installed power of no less than 1,500 megawatts divided among five or six units to avoid the danger of a total failure in service--whose fuel should preferably be natural gas, a source of energy of which we have the most abundant reserves.

It is true that this strategy involves the consumption of nonrenewable reserves, but we are in the shoes of the protagonist of "Around the World in 80 Days" who is obliged to burn the hull of his own vehicle in order to fuel his boilers and be able to win his bet.

At the same time the long-term alternative which will involve the definitive solution must be initiated: Construction of the major hydroelectric dams--on the middle Parana River, the basins of the Limay and the Neuquen--which will call for at least a decade, and large-capacity atomic power stations.

What is involved then is to simultaneously initiate solutions at three levels. This will call for major sacrifices but by the same token will open up immense possibilities.

#### Government Faulted

Buenos Aires LA PRENSA in Spanish 10 Jul 79 p 8

[Editorial: "Deficiencias in Electric Energy"]



[Text] With unaccustomed frequency hitches occur in the supply of electricity such as blackouts and drops in power: The power generating equipment goes out of service and the phenomenon then moves to other equipment. Even the Atucha nuclear power station is wont to experience breakdowns which mandate its being turned off.

The problem has been overlooked for some time and in good part it is due to lack of maintenance or to faulty supervision. After the fall of the Peronist regime in 1976, it was reported at the Costanera North power station that some control panels were covered with cobwebs. There, too, one of the large boilers of German origin is still operating inefficiently and it reportedly cannot be fixed, it will probably have to be replaced. At the Costanera South power station, dynamo No 6 which is supposed to generate 350,000 kilowatts produces only 175,000 kilowatts for lack of construction. The Sorrento and San Nicolas plants were scheduled to be completed some time ago in order to obtain normal output from them. This was not done at the time for economic reasons, a fact which mandates no less than a 2-year waiting period to recondition them.

We know from a very trustworthy source that the cables for the hookup of the Salto Grande generators are not adequate and that it will be necessary to replace them. It is vitally important to investigate these facts due, in some cases, to the unconcern of those who received and approved the equipment and in other cases to the lack of diligence in the tasks of supervising the maintenance.

At a time when the oil crisis is becoming more acute it is indispensable that this thermoelectric equipment provide the output that can be expected in accordance with its capacity and with the respective purchase agreements in order to avoid unnecessary waste of fuel.

And in all cases strict and constant vigilance is required so that the equipment may generate an adequate yield. Up to a short while ago the electric services used to depend on risky political and trade union considerations, but for the past 3 years the anomalies should have been rectified. Public assets are involved for which the consumers pay disproportionately in terms of receiving deficient service. And one cannot concede that these services constitute administrative islands but rather they represent the nation with its responsibilities and duties.

With some frequency, when there is talk of the privatization of firms, it was noted with good reason that the electric system like the telephone and other systems has a strategic and national security character. Nonetheless, the central government has not achieved the desired results in terms of adequate operation and indispensable control to secure regular service.



Clarification regarding the noted deficiencies together with sufficient information about the delays mentioned at the Sorrento and San Nicolas power plants become indispensable before the disconcertion of consumers who fail to understand how, 3 years after the initiation of the national reorganization process, shortages caused by cuts and halts in the supply of electric energy continue.

#### Data on Energy Production

Buenos Aires LA OPINION in Spanish 4 Jul 79 p 11

[Text] Oil production in the first 5 months of 1979 showed an increase of 5.2 percent while the pumping of natural gas rose by 9.4 percent.

Oil imports dropped by 45.2 percent and the production of electric energy was up by 18.1 percent, in all cases compared to the corresponding period of 1978 according to the report of the Department of Energy.

During the first 5 months of the year oil production reached 11.174 million cubic meters and during May 1979 2.246 million cubic meters of oil were extracted representing an increase of 1.9 percent compared to May 1978.

On its part the pumping of natural gas at the gas pipeline head in the first 5 months of 1979 reached 3,405.4 million cubic meters while in May 1979 it was 823.4 million cubic meters, which signifies an increase of 14.9 percent compared to May 1978.

As for oil imports it is noted that over 5 months they totaled 698,600 cubic meters for a value of U.S. \$92,686,500.

In the first 5 months of 1979 the production of coal of commercial quality in turn exceeded that of the corresponding period of 1978 by 272.8 percent, reaching an output of 263,600 tons compared to 70,700 tons in 1978.

The generation of electric energy in the first 5 months of 1979 reached 13,177,942 megawatt-hours and in May 1979 this production came to 2,721,672 megawatt-hours, which represents an increase of 14.7 percent compared to May 1978.

The make-up of energy production in the first 5 months of 1979 was as follows: Thermal energy, 60.5 percent, hydroelectric energy, 30.9 percent, and nuclear energy, 8.6 percent. During the corresponding period of 1978 the composition was as follows: Thermal energy, 67.3 percent, hydroelectric energy, 22.1 percent, and nuclear energy, 10.6 percent.

## The Uncertainty of Yacyreta

Buenos Aires LA NACION in Spanish 9 Jul 79 p 8

[Editorial: "An Uncertainty Project"]

[Text] In the next few days the incident produced by Paraguay regarding the course of the Yacyreta-Apipe project on account of its effort to modify the site duly assigned for the dam will enter its decisive stage.

The case was presented with definite clarity in the document sent by the Argentine Government to the Paraguayan Government on 31 May 1979 and released to the public. From 1972 to 1976 the technical studies were effected which unquestionably determined the appropriate site that was approved in the agreement made by an exchange of notes between the two countries on 24 April 1977. On the basis of that agreement the steps for the financing of the project were laid out, always through joint action and with notable success, to the point that they could have been concluded in June 1979. However, in March 1979 Paraguay expressed before the Inter-American Development and the World Bank the desire to undertake an additional study of the possibilities of reducing the area to be flooded in its territory. This in itself weakened the readiness of the financial organizations whose own analysis of the feasibility of the project was based on the agreement stipulated by the parties in 1977. Nevertheless, in April 1979 Argentina acceded and the study was entrusted to the consulting firm of the project, which gave its opinion in May 1979. The result was a ratification of the already agreed siting with the possibility of a change that would reduce by 851 square kilometers Paraguay's flooded area. "Such a reduction," the above-mentioned Argentine document noted, "is feasible at the price of large outlays but without altering the schedule of the project or jeopardizing its security, this last characteristic being an essential factor for the execution of the project." Contrariwise, the new site proposed by Paraguay--very similar to another discarded by the initial survey and perhaps even more inconvenient but all the same considered in the supplementary study--would mean an increase of \$250 million in costs, does not provide sufficient guarantees of security in the construction of the dam, and would involve new technical studies that would delay the project from 12 to 18 months. This means that it would be necessary to delay the project and, furthermore, to renegotiate the financing from scratch as well as the terms with suppliers, which were adapted to the previously approved project.

This review of the Argentine outline, perhaps inappropriate for a column specifically slated to express opinions, has the deliberate purpose of showing that the resolution of the matter is obviously in order just as that outline represents a tacit answer to Paraguay's proposal of the new site, described as an initial reaction to the setback of the later technical finding. On this point the Argentine answer has been withheld and kept in

abeyance, something which does not impede an understanding that the discussion does not have to thrive in strictly limited terms relating exclusively to the modifications of the dam's siting per se.

There arises, then, the question of compensation claimable by Paraguay by way of indemnification for the damage caused by the greater or lesser flooding of its territory. And theoretically the latter is not in any doubt because it has already been recognized explicitly in the Treaty of Yacyreta.

In their recent exploratory soundings of the Argentine position--no less evident even though they lack a formal mandate to go into the matter--Paraguayan representatives directly or indirectly involved in the project who have come and will return to Buenos Aires have discussed the question of compensation as an insinuation of a last attempt at bargaining responsibly.

This compromising spirit after an inflexible attitude is welcome and neither is it worth while to emphasize the change. In the meantime, it would not contradict the admission of Argentina's concern for Paraguay's national interests. Neither is it important in this sense that the specific compensation for Yacyreta to satisfy these particular interests of Paraguay should require the broader appearance of areas in which reciprocal interest is shared such as other infrastructural projects and facilities for trade and mutual cooperation. It is indeed necessary that Paraguay should assume with similar thought its role as an "associate" making claims through the mouth of its Minister of Industry and Commerce, especially if its role as associate in the harnessing of the Parana River is projected with similar thought of common interests to the Corpus case.

No one can doubt Argentina's interest in Yacyreta--nor Paraguay's --reflected in a way in the implication of its reliance on this project when it made the decision to maintain its electric network on the same cycle as Argentina's in spite of its eventual exclusive source of energy shared with Brazil at Itaipu.

But it is necessary to understand what is now, at a crucial moment of energy restrictions, Argentina's situation. "By postponing Yacyreta," notes the document sent to Paraguay, "it will be necessary to face immediately the revamping of the Argentine Energy Plan to implement other projects that would make it possible to meet at the appropriate time the growth in demand for electric power. Such projects," the document continues, "are included in the list of electric projects evaluated in the National Outfitting Plan so that the supply of energy to the various markets of the country will be adequately assured."

This means that Argentina, on the assumption of finding itself in an irreparable conflict of interest situation for any excess of negotiating pressures that it has to bear, could use the leverage of removing Yacyreta--and even Corpus--from the priorities which it has given these projects. If so, it would be difficult for Paraguay to secure compensation for the loss of the benefits involved in them.

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CSO: 3010

SOVEREIGNTY OVER FALKLAND ISLANDS CLAIMED ADVANTAGEOUS TO ISLANDERS

Buenos Aires LA NACION in Spanish 21 Jul 79 p 8

[Text] The arrival of United Kingdom Secretary of State for Foreign Relations Ridley, the holder of an office that corresponds to undersecretary in our country, implies through his person an eminent position from which to contribute to decisions of importance on the question at issue between his country and ours, concerning Great Britain's takeover of the Falkland Islands.

As soon as other matters are dealt with, there will be an opportunity to once again enter into negotiations on sovereignty over the islands during the British high official's stay in Buenos Aires. Any concrete progress on the matter will be welcome on condition that an approximate date for the restoration of the Falkland Islands to their rightful owner be set. First of all, the illegal occupation must end without delay in favor of the rightful owner.

We must stress the fact that a return to Argentine jurisdiction will contribute to the islanders' enjoyment of major material and intellectual advantages. In the course of the discussions and negotiations that have been taking place since the United Nations General Assembly gave its sanction to the matter, much progress has been made in creating a climate of sincere and generous compromise between the inhabitants of that remote area and official and private Argentine organizations. This has been the case in terms of education and opportunities for teaching children and teenagers or of supplying fuel and other indispensable items for a reasonably comfortable standard of daily living as well as in terms of attention to health, especially in cases of emergency.

Nobody can deny that this mutual approach to one another has to a large extent facilitated mutual comprehension. No doubt this relationship, which is now developing and was made possible thanks to the transportation service organized by the LANE [State Airlines], is among the most useful in terms of setting aside certain reservations that could have been used for the purpose of delaying the advance of what must inevitably be accomplished.

Aside from Argentina's indisputable right to lay claim to them, the restoration of the Falkland Islands is necessary in order to once and for all do away with the solitude of thousands of islanders who, once Argentina's ardent aspiration is achieved, will find better opportunities for improving their daily lives. Let us hope that Mr Ridley will become aware of this during his stays in the Falklands and in our capital city.

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ALEMANN SPEAKS OUT ON CURRENT ECONOMIC, LABOR ISSUES

Buenos Aires CONFIRMADO in Spanish 28 Jun 79 pp 84-85

[Interview with Dr Juan Alemann, secretary of finance: "Alemann: 'Make the Tax Evader Pay'"; date and place not given]

[Text] CONFIRMADO: The reality of the inflationary process does not agree with the guidelines used to draw up the national budget. Will the budget be altered now?

Dr Juan Alemann: Not now. We are still working with the budget that we have; however, obviously, the evolution of the inflationary process can create needs that will have to be met somehow. The situation is being studied and watched. If impossibilities arise, they can be corrected.

[Question] There is one thing that has aroused considerable criticism --the methodology of budget calculation....

[Answer] We have chosen an international methodology so that it can be discussed knowledgeably. Conventional accounting and common norms are used so that we can compare figures and know their significance. When we came into office, the deficit concept that was used was very confusing; it was not the loss in the balance of trade of an enterprise nor the imbalance of the public sector. It was the deficit of the national administration. Using that methodology, for example, the government was not in debt but the enterprises were; thus the deficit was eliminated. Using the international methodology, the indebtedness of the treasury or the state enterprises is considered the same. We show things as they are without changing the figures; therefore, we do not mislead anyone. It is important to know what is considered a deficit. A deficit is what the state takes from the rest of the economy over and above its regular resources, what it takes from the domestic or foreign capital market or emission. We have made a small final adjustment which has been discussed recently:

nominal interest is not considered regular expenditure but amortization of capital. This is conceptually correct. If someone owes 100 pesos at the beginning of the year and at the end of the year owes 250 and inflation equaled 150 percent, his obligation is conceptually the same. The 150 pesos are not interest but payment of capital. Using this, we obtain a much more realistic view of what the interest charge for the state is and many people are concerned about this. Actually, the state continues to pay negative interest in real terms.

[Question] How is the indebtedness of the state enterprises included?

[Answer] The largest indebtedness in real terms is the deficit but the continuation of the existing debt is not. Many state enterprises go into debt by making investments like any other enterprise. That growth of investments is considered deficit but the refinancing plus the repayment of previous imbalances are not. We only consider a very small quantity payment of interest.

#### Tax Pressure

[Question] Let us analyze another subject: the protests against tax pressure, especially by the agricultural sectors....

[Answer] When I took office, all the agricultural sectors told me that we should eliminate export duties which they called retentions and which they hated. They said that it was not that they did not want to pay taxes but they wanted to replace export duties with other taxes. We did that and now there are problems. The taxes can be more than completely paid by the increase in agricultural products on the international and domestic market in recent months. The generalized complaint has no justification.

[Question] But isn't this creating a breach with the agricultural sectors?

[Answer] Do you know what? We are not running for office. We do what we think is correct in handling the national economy; in the long run, this is the only possible attitude. If a government tries to please all the sectors, it will end up with a phenomenal mess. What we are doing will permit the agricultural sectors to continue living under an economic system of freedom and private property. There is a judgment of national maturity; it is necessary for the state to assume it exists and fulfill its functions.

[Question] But hasn't the level of tax pressure reached a limit?

[Answer] If I compare it internationally, no. This year ours is at 23 percent or less. Brazil's is at about 30 percent and the European countries at 35 percent or more. Ours is comparatively low. Also

the rate of tax evasion here is higher than the level of the economy can support. We have progressed in this area but it is still high. The solution is to increase tax pressure without requiring the conscientious citizen to pay more but making the tax evaders pay. We will persistently pursue that.

[Question] Of course, this is tied to legislation that calls for imprisonment for debts....

[Answer] There is no imprisonment for debts. Do not say this and do not repeat it. There is imprisonment for fraud; bankruptcy can be demanded for debts. A man who presents his sworn statement correctly but does not pay is dunned as he would be for the collection of any debt but he does not go to prison. A man who does not present a statement or makes it lower is another matter. However, it has to be an extreme situation for someone to go to jail.

[Question] Do the present collection figures show increased conscientiousness among taxpayers?

[Answer] Yes, there is constant progress. However, we are still surprised sometimes. Do not forget that I have a very small tax department. Nevertheless, I gather the impression on the street that the DGI [General Directorate of Taxation] is working well. The officials work well; they are not subject to political interference like before but, on the contrary, are supported and rewarded.

[Question] However, the professionals have questioned the application of what they call a tax on work....

[Answer] That is not true. We have explained it very well. It would be unfair to apply this tax to independent workers like plumbers or electricians and not collect it from professionals for whom the state has incurred training expenses. Before, the professional associations paid the tax and the independent graduates did not, but it is the same thing. Whether a tax is paid individually or by an association does not change its essence.

#### Controversial Subjects

[Question] Let us mention another subject: denationalizing enterprises. It is said that the process is very slow.

[Answer] No, all the enterprises that the state administered under Law 18.832 have been liquidated. We have sold others that were under the Ministry of Economy like La Cantabrica, the major part of the share package of the Development Bank and the National Savings and Insurance Bank. There is also the partial denationalization of the

railroads or YPF [Government Oil Deposits]. We still own some that are under the Ministry of Social Welfare, especially Siam Di Tella, and in the provinces. Remember, the state also has begun a massive sale of property on the order of 400 per year. The concession system is also a form of denationalization--for example, the planned 25 May highway.

[Question] And the military industry enterprises?

[Answer] There are two important cases: the Azufre plant that produced at very high costs and Aceros Olher, an unprofitable plant.

[Question] Has there been good progress in the reduction of public expenditures?

[Answer] Look, personnel has been reduced by 250,000--that is, by 15 percent--but we increased wages in real terms. In other words, we are spending more for wages than before. There are fewer people but they cost us more. The idea is to have a smaller state administration but with well paid and more efficient personnel. Before, the state trained people who then emigrated to private enterprise.

[Question] But let us see the example of an enterprise affected by the change: the railroads. There has been a reduction of 47,000 people and the service and the financial soundness are not the same....

[Answer] Of course, the reduction in expenditures is not the same as the physical reduction because the wages of the remaining personnel have improved in real terms. It is doing well concerning investments and tax payment. I believe that if this management continues for 3 or 4 more years, there will be a very important change. The president of the enterprise is a young, very capable man who has high-level political support.

[Question] Continuing to another subject, what is going on between you and the insurance market?

[Answer] There is a basic problem. I want insurance to be cheap and they want insurance to be expensive. There is no possible agreement. I start with the principle that the cost of insurance is excessive compared to other countries. We are going to contract a top-level international technician to resolve this difference in rates.

[Question] But that is precisely what is being questioned....

[Answer] Of course, they are afraid that a specialist will agree with me. The whole sector will change because lower rates will mean companies of another size. The existing 277 enterprises cannot

continue; there will have to be mergers. For that reason, we are preparing a bill to facilitate the process. Insurance is the most protected sector in Argentina since imports are prohibited. Nothing can be insured abroad even though it costs less. There is also a reinsurance institute that must take all reinsurance; this does not exist in other countries. Here it is a type of public service. In the past, there has been an obliging insurance superintendent who has allowed high rates which permitted great expansion in the sector.

[Question] Doctor, let us look at the subject of Italo....

[Answer] That does not concern me. I do not have anything to do with that.

[Question] There has been a public exchange of opinions....

[Answer] Yes, I know, but I have said 20 times that I do not have anything to do with this and you continue asking me....

[Question] Should we ask the president?

[Answer] Yes, go to the Secretariat of the Presidency....The contract was negotiated under the Ministry of Justice, there was intervention by the armed forces and then there was a proposed law for a contract which went to the CAL [Legislative Advisory Commission]. It was approved by the CAL and signed by the president but it never went through the Ministry of Economy. The only thing that involved us is that the law states that it is necessary to pay Italo with public securities. We issued them but I am only doing what the law dictates.

[Question] Isn't it contradictory to nationalize under the present policy?

[Answer] We would not have done it if things had not been such a mess; we practically had to do it.

[Question] Why?

[Answer] Because there was a provision in the original concession. Also, do not forget that expropriation had already been initiated by the previous government. There was an initial action that we had to continue. In a city like Buenos Aires, it is more logical to have an electrical system unified by cables which will make service cheaper.

[Question] Nevertheless, there is a man who insists on declaring it unnecessary....

[Answer] And I insist that that man should be examined by a psychiatrist.

[Question] Finally, the process as a whole presents a question. Doesn't inflation increase social tension--for example, the latest railway strike?

[Answer] No, inflation exacerbates social pressure for the distribution of income. No one wants to be the stepchild. Each one wants to climb higher than the other. However, the railway strike has deeper roots. There is the problem of union power which would exist with inflation or without inflation....

[Question] In other words, you attribute it to a political situation....

[Answer] Of course, the unions want to show that they still have power. They want to force the government to negotiate with them and give them importance. However, that is another subject.

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CSO: 3010



OIL IMPORTS COSTING MORE THAN OPEC RATES

Buenos Aires LA NACION in Spanish 15 Jul 79 p 12

[Text] (NA)--Osvaldo Calcagno, national fuel director, confirmed that Argentina is now paying a higher price for its oil imports than that fixed by OPEC because it operates "in a marginal market" due to the low volume of operations.

He also said that, in spite of the fact that the nation only imports 10 percent of its fuel consumption, the international increases in that product "will eventually affect the price that users pay."

When Calcagno was interviewed by Radio Rivadavia, he also spoke about national oil reserves. He said that proven reserves are equivalent to 13 times the consumption recorded in 1978.

The high national official also said that potential reserves "could be two or three times higher" than proven reserves.

During the interview, Calcagno confirmed that the present international oil situation will hurt the country "since there will be a higher economic cost for imports."

He then denied that Argentina has the opportunity to avoid or counterbalance the dictates of the OPEC countries concerning the price of oil imports. He revealed that the country operates in a marginal market because of its slight significance in the international oil trade.

In spite of this, he said that on many occasions better prices than OPEC's are obtained in that market "when the supply is good." When "international trade is affected by situations like the one we have been suffering since December, it is necessary to resign ourselves to pay more for crude oil."

Finally, he revealed that this year Argentina imported oil from African countries that are OPEC members but the fuel was not regulated by the large contracts.

Venezuela is the other oil supplier for Argentina. It sells us special types of crude oil in a constant market that does not have fluctuations.

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'CONVICCION' OPPOSES A STATE-RUN GRAIN ELEVATORS ENTERPRISE

Buenos Aires CONVICCION in Spanish 11 Jul 79 p 8

[Editorial: "The Problem of Grain Elevators"]

[Text] The national government has proposed a bill that introduces amendments in the Grain Law. That bill advocates the creation of a national elevators enterprise to administer the elevators that are now state property. It also opens the possibility of private construction of new ones.

It is known that our lack of grain elevators in ports as well as other port obsolescence and deficiencies curb rejoicing over the harvests. It seems good that something is being done to solve problems that a country that produces those grains in such high volumes should not have to face. Nevertheless, we greatly fear that the proposed measure will not give us definitive solutions.

The fact that the state has been a bad port elevator administrator is undisputable. This is not true just now but ever since the worldwide replacement of packaged shipment by bulk shipment. Why, then, does it insist on continuing? Is it perhaps that it is going to achieve some improvement by creating a new bureaucratic department to administer them?

We think that if the state has not been capable of solving the serious and troublesome deficiencies observed in the elevator network, it should open the doors to private enterprise. In other countries these installations have shown that they can be an attractive business if they are administered without as much red tape. We do not doubt that there are those among us who are interested in exploiting them and that they will be able to do it efficiently under favorable transfer and credit conditions.

It is also clear that transferring the elevator network to private enterprise will promote its expansion in accord with the real needs of the country. This would be consistent with the "denationalization" proclaimed by the present economic leaders which has not been translated into reality.

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SOYBEAN ON ITS WAY TO BECOMING NUMBER ONE PRODUCT

Buenos Aires LA NACION in Spanish 13 Jul 79 p 24

[Text] The expansion of soybean production continues. This production, estimated officially at 3.2 million tons, surpasses 1978 production by more than 30 percent. In terms of value--which is what counts--it greatly exceeds the value of the 7 million tons of grain sorghum that will be harvested this fall. This year soybean production will be third in importance among the crops in the pampas. Only wheat and corn, traditionally the two most important crops in our country, surpass it.

Will this remain true for much longer? Certainly not, if the trend of recent years continues. The evolution of production of wheat as well as corn is slowly rising. On the other hand, assuming an increase in soybean production of 20 percent per year--in the last 5-year period, the average annual rate of growth was about 48 percent--it will reach 5.5 million tons at the end of the next 3-year period and would become the number one crop in Argentina in terms of production value if there are no unforeseen changes in the other agricultural branches. Asked what is the "ceiling" for appropriate area, the experts do not yet have a concrete response but they feel that this crop has good possibilities in a very broad region of the country. Soybeans are now sown in no less than 10 provinces with good results. Santa Fe, Cordoba, Buenos Aires, Entre Rios, Corrientes, Misiones, Tucuman, Salta, Chaco and Santiago del Estero all obtained yields that could be called good to very good in recent years.

No other crop has shown the necessary flexibility to behave satisfactorily in such a broad area under such different ecological conditions. Corn is also sown in all those regions but in most of them the yields are not commercially competitive; it is only a subsistence crop. The international market, constantly increasing in the past 30 years, is far from a brake to soybean expansion; it places us in a most optimistic situation. However, this does not mean ignoring the

fact that there can be temporary situations in which supply exceeds demand and prices will decrease somewhat.

In summary, the soybean which was little more than a botanical curiosity for our producers until the middle of the past decade is on its way to becoming the number one crop in our country in a few more years, perhaps the middle of the next decade, according to a report prepared by Dr Adolfo Coscia, technician for the Agricultural Economy Group of the Pergamino Regional Agricultural Experimental Station.

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REPORT REVEALS NATION'S IMPACT ON SOYBEAN MARKET

Buenos Aires CONVICCION in Spanish 11 Jul 79 p 15

[Text] The Sudameris Bank, in its latest report from Paris on the "irresistible rise of Latin America," stated that Argentina made a "spectacular entrance" in the soybean market.

According to the bank, in 1977 Brazil became the third largest producer of grains and largest exporter of soybean products while Paraguay "has notably increased its production."

As viewed from Paris, this product was considered marginal in Argentina in the past. However, its yield was, "even in mediocre years, two times higher than wheat and corn. Estimated at 2,500 kilos per hectare in 1978--as opposed to 1,700 in Brazil--the average yield of the Argentine soybean is one of the highest in the world," according to the study.

It adds that, in the coming years, soybean production will become one of the most important in Argentina.

It should be recalled that the soybean represented 44.4 percent of Argentine production of oleaginous crops and oils in 1977-78.

With all the progress made and about to be made in Paraguay and Uruguay, Brazil continues to be the largest Latin American producer and exporter with 12.5 million tons in 1977 in spite of a decrease to 9.5 million tons in 1978 because of drought.

This Asian product was spread in the United States in the 1920's. In 1940 it occupied almost 40 percent of cultivated lands.

Production in 1977 was about 46.7 million tons.

The Sudameris Bank report emphasizes the concentration of exports since the United States, Brazil and Argentina cornered 97 percent of the sales in 1977.

Exports went from 12.6 million tons in 1970 to 20 million tons in 1977. They were sold principally to two large markets: the EEC and Japan.

The EEC absorbed 58 percent of the exports in 1977. Soybean cultivation in Europe is not promoted because its benefits per hectare are clearly inferior to other grains at European prices.

With the appearance of the Soviet Union in the international market, the eastern European share in world imports went from 1.4 percent in 1970 to 8.4 percent in 1977. The mentioned report predicted "a slowdown in the rate of expansion of the trade with increased exports by developing countries" by 1985.

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## BRIEFS

**NATION'S STAND ON AGRARIAN REFORM--**"During the deliberations of the FAO in Rome, Argentina will maintain its position on agrarian reform projects. We feel that, in order to avoid hunger and underdevelopment, it is necessary to increase production through better technology and not by subdividing the land," stated Jorge Zorreguieta, secretary of agriculture, during a ceremony in which he received a medal from that international organization. He added: "In order to achieve this, the developed countries must pay the food producers better so that they can have a higher standard of living and participate in the progress of the times." After confirming that he would participate in the deliberations convoked in Rome from 12 July to 20 July to discuss that subject, he revealed that "a measure that hurts the right of man to own land cannot be supported. Argentina has maintained this in other international forums." Argentina had already explained its position on agrarian reform at the Montevideo meeting of the FAO Regional Committee during the administration of Mario Cadenas Madariaga. In support of private property, he said that "the economic growth of all sectors depends on the improvement of productivity and the growth of the per-capita gross product based on four factors: capital, technology, natural resources and manpower." [Text] [Buenos Aires CLARIN in Spanish 1 Jul 79 p 13] 7717

**YPF-SHELL AGREEMENT--**The executive body approved contracts signed between YPF [Government Oil Deposits] and Shell Hidrocarburos Besloten Vennootschap-Petrolar, S.A., for carrying out exploration, development and exploitation of hydrocarbons in the Rio Gallegos and Magallanes, southern basin, areas. The decree whose text will be made public today was signed by the president yesterday before his departure for Chapadmalal. The Secretariat of Public Information announced three other important decrees that will be made public today. One "includes national enterprises under Law 20.852 on benefits, reimbursements, drawback and exemption from IVA [Value-Added Tax] in order to participate in the international bids opened by the national Sanitary

Works Enterprise for the Floresta-La Matanza underground river, La Matanza elevator station and other projects." Another decree appoints Ret Div Gen Miguel Angel Viviani Rossi chairman of the Argentine delegation to the Uruguay River Administrative Commission. The last decree approves the partial modification of the original contract signed between the Euro-Latin American Bank Limited, as agent of a consortium of European banks, and the Bank of Argentina, as borrower, for a total of \$50 million to finance projects of the national Sanitary Works Enterprise. [Text] [Buenos Aires LA NACION in Spanish 12 Jul 79 p 11] 7717

AMBASSADOR TO KENYA--Buenos Aires, 6 Aug (TELAM)--The Government of Kenya has approved the appointment of Juan Carlos Arlia as the new Argentine ambassador to that country. [Buenos Aires TELAM in Spanish 0120 GMT 7 Aug 79 PY]

DELEGATION TO JAPAN--Buenos Aires, 27 Jul (NA)--An Argentine delegation made up of government officials representing railway and agriculture sectors, headed by Undersecretary for Foreign Investments Federico Dumas, left for Japan tonight. The delegation will continue the negotiations to conclude trade and technical assistance agreements begun during previous visits made by Economy Minister Jose Alfredo Martinez de Hoz. It was stated that investments in Argentina by Japanese enterprises as of May 1977 amounted to \$1.6 billion. [Paris AFP in Spanish 0416 GMT 28 Jul 79 PY]

NAVAL UNDER SECRETARY--Buenos Aires, 25 Jul (NA)--Rear Adm Ruben Oscar Franco assumed his duties as the new undersecretary general of the navy, replacing Rear Adm Alberto Cesar Barbich, who was appointed director of the Rio Santiago Naval Military School. [Buenos Aires NOTICIAS ARGENTINAS in Spanish 1652 GMT 25 Jul 79 PY]

RADIO STATION CLOSES--The final shutdown of radio station LW3 Radio Congreso, the former Radio Splendid, in the Province of Tucuman took place yesterday after more than 30 years of uninterrupted transmission. [Buenos Aires LA RAZON in Spanish 21 Jul 79 p y PY]

CSO: 3010

## BRAZIL

### GUERREIRO DEFINES POLICY TOWARD UNITED STATES, PLO, CUBA

Rio de Janeiro MANCHETE in Portuguese 21 Jul 79 pp 98-101

[Interview with Foreign Minister Saraiva Guerreiro, by Haroldo Hollanda, date and place not given]

[Text] In this interview, Foreign Minister Saraiva Guerreiro analyzes in depth the varied facets of Brazil's foreign policy as exercised in various parts of the world. He analyzes the status of Brazil's relations with the United States and says it is good, not to say there are no differences, which are an absolutely normal fact of life among nations. The foreign minister declares that Brazil is no one's unconditional ally; it has interests and goals not only in relation to the United States but with respect to the other highly industrialized nations.

Minister Saraiva Guerreiro places Brazil in the Third World, but only for the sake of argument. He considers this or any other similar concept to be simplistic; matters of foreign policy are, he feels, much too complex to find expression in mere "slogans."

Turning to an analysis of the problem of Brazilian recognition of the Palestine Liberation Organization [PLO], the minister makes it known that Brazil will remain faithful to its principle of maintaining normal and correct relations with both Israel and the Arab nations and that recognition of a political movement like the PLO does not mean recognition of all its theories.

Foreign Minister Saraiva Guerreiro also spends some time on a comprehensive examination of the Soviet and Cuban presence in Africa. Regarding possible resumption of relations with Cuba, he lets it be known that our diplomats do not consider it an immediate issue, as long as the Cubans continue to keep tabs on the internal situation of all the countries, like some self-appointed censor. Still, he does not rule out the possibility that this behavior could in time undergo a change for the better.

Formerly secretary of the Foreign Affairs Ministry, when Ambassador Azeredo da Silveira was minister, Ambassador Guerreiro's appointment as minister

of state represented a continuation of the foreign policy initiated during the Geisel administration. Even among the opposition, he is considered one of our ablest career diplomats. Guerreiro was born in Bahia, but he was raised in Rio Grande do Sul and Minas Gerais. From the age of 13 until he was 26, he lived in the city of Rio de Janeiro, where he received his fine arts education. He is the only diplomat in a family which for three generations produced mainly doctors; his father was a doctor. He was almost naturally inclined toward diplomacy; he particularly enjoyed topics that led him into a diplomatic career when the time came. One individual who encouraged him when he was still a student to enter Itamaraty later became, like him, a career diplomat. This was Ambassador Mozart Gurgel Valente.

[Question] Have Brazil's relations with the United States improved since the sharpest phase when the military treaty was broken off? Is the relationship still deteriorating in some areas?

[Answer] As I have said on earlier occasions, the picture of Brazilian-U.S. relations is generally quite good. Obviously, there will always be differences, controversies; this is practically routine in international relations. The important thing is that these differences are always handled amicably, looking toward solutions and points of balance. So I can say that relations between Brazil and the United States are quite good, which is not to rule out differences, which are absolutely normal.

[Question] Does this mean Brazil is no longer an unconditional ally of the United States? If so, what dictated this new Brazilian posture? Is our international conduct now closer to the so-called Third World countries? Some people feel this would reflect an outdated and outmoded position.

[Answer] The question is interesting and entirely justified. These are all legitimate questions. But it is obvious that the question contains a series of simplifications and juxtapositions such that a professional cannot strictly arrive at a meaningful answer. I understand perfectly well that it is asked somewhat in the spirit of those who follow the development of foreign policy only superficially. Actually, Brazil is no one's unconditional ally, nor can it be. Brazil has continuing interests and objectives, both in relation to the United States and the highly industrialized countries, Brazil has significant interests, some of which involve ideas that bring us close to many of these countries. Still, Brazil is really a developing country and is therefore a part of the so-called Third World. From an economic standpoint there is no doubt of this whatever. Consider any one of the indicators; per capita income, social conditions and even the structure of the country's foreign economy--the tariff list, despite the recent proportion of manufactured products. Consider that the country is still short of capital, that it imports capital. This is normal for a country that by definition must be in debt because this phase of its economic development dictates this situation. The country also imports foreign technology and "knowhow." It also exports a little, but on balance it is clearly a developing country and not a developed country. Well, this circumstance often leads to hasty and oversimplified conclusions. There is



a common basis of attitudes and intentions regarding the ordering of international economic life that brings us close to the Third World countries. Now, all these are broad categories, and it would be oversimplifying to disregard the specific situation in each country--Brazil, in particular, and some others whose development is more complex. These are countries where the economy is already diversified, where various economic sectors are more developed--and this is also characteristic of a developing country--but this places Brazil in a very special position in relation to the Third World, and so it is simplistic to say either that Brazil's foreign policy is based on its traditional ties and friendship with the United States or that it has become an integral and unconditional part of the Third World. This is all simplistic. If foreign policy could be viewed in terms of these simplifications, it would be very easy and simple.

It is much more complicated, however. It is like a game in which certain principles are observed, certain rules that stem in large part from the country's internal situation. In the end, however, the game is played on many boards--I would not call them checker boards, because the rules are different for each of these boards. Therefore, certain simplifications, like labels, are very dangerous.

[Question] But, Mr Minister, what is really Brazil's position in this matter?

[Answer] Our position is that we are a Third World country in the sense that we are a developing country. All the Third World countries are very important for us, in every sense. The aspect most easily perceived by the public is that of trade. One need only note that one-fourth of our trade today is with Third World countries. Latin America, Africa, and the possibilities for exploiting these developing markets--this is leading to an interchange of goods and services. Looking out for its interests, Brazil is trying to diversify both its markets and its sources of supply. This is the commercial aspect, which is most immediately perceptible. But there are several other elements which cannot be disregarded, certain factors that foster our relationship with Third World countries. Brazil being what it is, a tropical country with an ecology similar to that of Third World countries, its experience has relevance for them. Many tropical elements enter into the development of our people, the formation of our culture, and this gives us our unique nature as well as a certain capacity for understanding and a receptiveness to people of the most diverse origins. All these are underlying factors that play a part in our foreign policy because they create a capacity for communication and possibilities for development. For example, one need only note the Lusophone countries and the ease with which we can reach understandings, irrespective of any doctrinaire positions. Our experience has relevance for them. So, to believe that a country like Brazil, of its size and complexity, can draft its foreign policy either on the basis of its traditional friendship with the United States or its membership in the Third World--or on the basis of I don't know what--is very childish.

## Recognition of the PLO

[Question] There was a storm of protest in the press against Brazil's recognition of the PLO. There are even those who infer that Brazil yielded to a demand by the oil-producing countries. Have these accusations been made directly to the Brazilian Foreign Office?

[Answer] In the first place, Brazil's recognition of the PLO as a movement is not recent. When we and over 100 United Nations member countries approved the resolution to recognize the PLO as a movement, as representing the Palestinians, it was recognized as such. So much so that since 1975 there has been an official in the Arab League office who deals with Palestinian issues. So there is nothing new in recognizing the PLO as a movement, and not in any other capacity. All the Western countries, in effect, have PLO offices. So it is asked: Why record this in the joint communique? And I answer: Why not? If recognition had already come to pass, and it was to the interest of the other party, why not simply assent in what was already a reality, a fait accompli? Strictly speaking, Brazil's position regarding this issue dates from 1948, when the resolution on the partition of Palestine was voted in the United Nations. What is this resolution?

Didn't the Israelis willingly accept it then, and didn't the Arabs reject it? How did Brazil declare its vote in that occasion? It said that the United Nations had encountered a de facto situation, created by the great powers in that region of the Middle East. Obviously, the ideal solution would have been for that region to achieve independence on termination of the mandate, and finally that all the people would live together in harmony, but the actual facts made this impossible. Hence the only sensible political solution was to divide the two communities into two states. Thus, since 1948, those who voted for the partition resolution have maintained a position for the creation of two states. We all know this solution has not been politically possible, because there have been several incidents up to now, but if we strictly examine the principles that mark our position on the Middle East we will see that they have not changed. They are basically the same. The three principles that we have enunciated are: Israel's withdrawal from the occupied territories; recognition of the Palestinians' right to self-determination, independence and liberation; and, finally, security and respect for the sovereignty of all the states in the region, not only on Israel's part but on the part of an eventual Palestinian state.

Our position did not change after the Iraqi visit. Just look at Paragraph 12 of the joint communique. It speaks of occupied territories, the Palestinians' right to self-determination and independence and their return to Palestine--note well the choice of words--they were taken from a UN resolution. Our third principle could not be expressed in the communique as the position of both parties. With respect to our third principle, respect for the sovereignty and security of the states in the region, the Iraqis do not share Brazil's position. Thus Brazil's position appears in that paragraph where it states clearly that Brazil stresses its support for

the UN resolutions. What does this mean? It means the resolution of the General Assembly, on recommendation of the Security Council, which admitted the state of Israel as a member state and therefore with all rights and duties and on an equal footing with all the member states. Thus the communique reflects the same Brazilian position, without alteration.

[Question] But in that case we would like to know your opinion of the accusations against the PLO.

[Answer] There was a reaction that seemed excessive and ill-informed with respect to recognition of the PLO and its representative office in our country. This is not the major issue in our negotiations. It could even be called a marginal issue, if you like. Recognition of the PLO was a fait accompli; it was a political movement whose existence could not be denied. There was a reaction to the stated intention to create a PLO embassy here. What would arrive in this diplomatic baggage? They say it will be machineguns and other nonsense. I think that none of this has been made very clear. We have excellent relations with the Arab countries and perfectly correct relations with Israel. Like all the rest of the world, we are greatly concerned about the situation in the Middle East. It is a situation with vital importance for the entire world, for what the region represents, in every sense. It is not just the petroleum, but the region's strategic position. Objectively and rationally, we cannot do other than what we are doing. Our position is an exclusively Brazilian position, Brazil's own position, always concerned with preventing an aggravation of the situation.

[Question] Does the problem of Brazil's oil supply have some bearing on our recognition of the PLO?

[Answer] If Brazil's position is based on principle, we can accept only certain things that are compatible with our principles and we cannot accept others that are not compatible, for example, a position implying disregard for our recognition of the state of Israel, with which we have always had normal relations. How can Brazil, which recognizes Israel and has a long-standing and correct relationship with it, recognize the PLO? This is another case of oversimplification. When one recognizes a movement one does not recognize all the theories which that movement might defend. It is a fact of politics that although a movement of this kind has certain declared goals, it is a political movement and hence subject to change over a period of time.

[Question] Is the Brazil that intervened in the Dominican Republic the same Brazil that has now broken diplomatic relations with Somoza's Nicaragua? Or have we abandoned our old position of automatic alignment with the United States?

[Answer] I think Brazil has always been an authentic nation, very solid as a nation, as a state, despite the aggressions it has suffered. Circumstances, both internal and external, are obviously subject to change. But one must

not set up automatic analogies. The two situations are not identical; hence each situation must be viewed individually and possible options for action must be viewed in terms of the national interest. One must also consider the climate in each era, as well as the formal and juridical aspects. One must remember that, in the case of the OAS intervention in the Dominican Republic, Brazil did not act unilaterally or in isolation. Brazil cooperated in an action approved by the OAS and adopted in accordance with the government then in power in the Dominican Republic. These are all factors that from a formal and juridical standpoint differentiate the Dominican situation from the one in Nicaragua. In the present perspective the differences are even greater, because one must consider that in Nicaragua's case the government was in fact disturbing the peace in the region; that is, it was creating international repercussions and possible risks to the peace and security of the region itself. All this obviously resulted from the continuation of what was until then recognized as the Nicaraguan government, a government which had completely isolated itself from the rest of the country and was based exclusively on military power. On the other hand, more or less throughout the Central American region and even in the Andean countries, there had emerged a feeling that such a situation could not acceptably continue. It must be remembered that Brazil's relations with Nicaragua were always perfectly correct, but we never sought to exert any type of special influence. Brazil had no particular ties with either the Nicaraguan government or the opposition, hence we felt it was not up to Brazil to initiate any new dialogue aimed at promoting a solution. We assumed a position, publicly and known to all, in favor of a solution that avoided any military intervention to resolve the problem, a position of consultation with the other American countries, a position that aimed, insofar as possible, at consensus in the region.

[Question] Is Brazil concerned about the problem of the Soviet and Cuban presence in Africa?

[Answer] Obviously, Itamaraty is concerned with all the events, particularly those occurring in Africa, a region with which we have a certain community of interest, because Brazil is highly responsive to Africa's problems, its interests and aspirations. Brazil has absolutely no idea of guiding the African countries. It has no intention of acting in any way to control the destiny of those countries. Our position has been to say: We are here, we will do whatever we can that is felt to be suitable and feasible for you and for us. I believe we have managed to create a climate of confidence. One must obviously take into account that these countries gained their independence only a few years ago and are barely finished with their wars of independence. In many cases, the most outspoken support for those independence movements, including military support, came from the socialist countries of Europe. This is a historical fact and it would be simply asinine to ignore it. All we can do is trust--and we believe there is every reason to trust--in these African states, in their aspirations for independence, development and legitimacy. We are confident that, on the historical path they are following, these African states will be able to affirm more and more their national personality, the independence of their decisions,



to the extent that they can exercise this independence. In this sense, viewing Africa in terms of a certain historical evolution, we continue to act within the parameters that appear to us to derive from the nature of Brazil, the means of action possible to us and the factors that facilitate this understanding with Africa, as well as the limitations to which we are also subject. We believe that this is having a positive effect on our relations with Africa, which is good not only for us but for the African countries. Just as it is good for the rest of the world, it is useful, constructive, that we enjoy a relationship with the African countries with no strings attached.

[Question] Does the Cuban presence in Africa hamper the possibility of our resuming diplomatic relations with Cuba?

[Answer] The resumption of diplomatic relations with Cuba, which were suspended some years ago, is an issue that will evolve with time, and it is not a pressing issue for us. It depends, after all, on the most variable circumstances. It is not because of the Cuban regime that we have no relations with Cuba. We maintain relations with several communist countries, even those with differing communist trends. They are perfectly correct relations and there is even a significant degree of economic cooperation. So there are other circumstances--and they are also circumstances that we do not view as permanent. I see no reason to think that the communist regime in Cuba will necessarily and historically always behave in the same way. Brazil does not judge other countries, other governments. We don't feel we are the censors, the judges of the world. Cuba has not adopted this attitude of not presuming to be the world's judge. Cuba makes judgments about what other countries should do: do this, do that, behave this way, and on and on. Hence, precisely, there is a basic contradiction between our position and Cuba's, which is to be a kind of self-appointed censor for the world.

[Question] Do you mean that Cuba continues to interfere in international problems?

[Answer] International problems are something else again, but this is in the internal problems of each country, giving unwanted advice, things that seem inappropriate to us. I see no particular reason for Brazil to be in any hurry or to take any initiative in this matter. Nor are we overly concerned with such matters. The press is concerned--I don't know why. There are so many things to do that are more productive. Why should we concern ourselves with this?

[Question] FRG Chancellor Helmut Schmidt alluded to the possibility of a war over the oil crisis. Do you believe a general or local war could come about over petroleum?

[Answer] I think it is very unlikely, even though the world is seriously threatened with the problem of an energy shortage. Whether or not the oil

producing countries coordinate their policies in order to preserve their resources and obtain better conditions for the sale of their product, we must prepare for a time when there will be no more oil, when we will have to live with something else. Irrespective of the [OPEC] policy, it is inevitable that sooner or later there will be an oil shortage, and the modern world is based on an awesome consumption of petroleum. There are problems that would come up in any event, and all of them are extremely serious. They are problems with more than economic implications--there are obviously political and social implications of great magnitude. They are dictating a grim adjustment for all the countries in the world. Indeed Brazil is one of the countries that has been acting most responsibly. We are making a substantial effort, extremely important, to control our petroleum consumption and to develop alternative sources of energy.

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CSO: 3001



'VEJA' AIRS CONFLICTING OPINIONS OF ECONOMIC MINISTERS

Sao Paulo VEJA in Portuguese 27 Jun 79 pp 103-104

[Text] "Everything is fine," Central Bank President Carlos Brandao said softly when he arrived for the press interview in the office of Finance Minister Karlos Rischbieter last Thursday immediately after the meeting of the National Monetary Council. Everything fine? Brandao was referring to his relationship with Rischbieter, who had convened a meeting to deny possible disagreements between the two. The disagreement--it was freely commented on in Brasilia--allegedly had culminated in a "formal break" immediately after the publication of a letter to the minister from the president of the Central Bank.

The letter, a copy of which had been distributed among several people last week, explains in an exaggeratedly didactic manner the machinery of operation of the open market. However, according to Brandao, it had been written with the best of intentions: to give the minister ammunition to defend himself against the many people who were demanding a limit on the participation of individuals in the open market. The interview came to its conclusion in that cordial atmosphere. During the interview, both sought to display absolute tranquility. They admitted that they had divergent "but not conflicting" opinions. And they bade farewell to the reporters amid pictures and smiles.

How Far? Nevertheless, the rumors that there is bitter disagreement in the economic areas have not been restricted to Rischbieter and Brandao. They go further, to the point of marking a chasm between the views of the finance minister and head of the Planning Ministry, Mario Henrique Simonsen. According to those stories, Brandao is only a pawn in the dispute between finance and planning for control of the conduct of economic policy. As a matter of fact, the commentaries did not simply flourish in the imagination of their authors. They took shape from the first week of April and were nurtured by reasonably well-known events. The main ones are as follows:

1. Setting of Interest Rates--Rischbieter strongly defended the setting of interest rates, a measure vetoed by Simonsen with ammunition furnished by Brandao during the discussions of the anti-inflationary package in April. In

conversations with friends, the finance minister allegedly had sharply criticized the behavior of the president of the Central bank, though in a general way. According to Rischbieter, a president of the Central Bank who disagrees with the finance minister should tender his resignation.

2. Price Freezing--Rischbieter was offended by the way negotiations were conducted with the supermarkets in the beginning of April to contain prices for 60 days.

Overtaken by events and nevertheless asked to explain the measure, he lent room for erroneous interpretations on the nature of the freeze, which generated denials from the supermarkets. Also, letting off steam, Rischbieter blurted out that he was participating in a tangle he did not agree with.

3. Participation Fund--Simonsen anticipated Rischbieter and, taking advantage of a meeting of planning secretaries, got President Joao Baptista Figueiredo to sign Decree 83,556, which detaches the application of the funds of the Participation Fund from the states and municipalities. The measure was part of the sector directives of the Ministry of Finance, which was going to submit a bill to congress early last week. For that purpose, Rischbieter had already met with the administration leader in the chamber, Deputy Melson Marchezan, and had intended also to get the support of the Brazilian Democratic Movement (MDB). Lower-level echelons in the Ministry of Finance consider Simonsen's attitude as revealing "vestiges of authoritarianism" and even "disloyalty."

4. Open Market--Rischbieter never made a secret of his position against what he terms "savage capitalism" and "the excessive profits of the open market." His attempts to discipline the open market, however, ran into the disagreements with Brandao, always supported by Simonsen.

Commentaries: Though at the high levels the skirmishes between the two ministers do not surface fully, the lower levels take it upon themselves to confirm the differences. "Our ideas do not penetrate Simonsen's head," an important Finance Ministry official blurted out recently. Similarly in the Planning Ministry staff, Rischbieter is the target of such observations as "he is too malleable," or "a finance minister cannot have the doubts he has." Even some members of the government hierarchy are involved in the dispute. One of them defended Simonsen a few days ago, considering him "the best man for the position he holds." Another, however, thinks differently. "Simonsen is insensitive; he is constantly cutting the appropriations to the social sector," he complained indignantly.

It is possible, however, that following the interview by Rischbieter and Brandao the atmosphere may tend to brighten. At least, the personalities themselves have made an effort in that regard. Last Friday, for example, Simonsen and Rischbieter arrived together at the private luncheon that was given in their honor by Sao Paulo businessman Luis Eulalio Buenos Vidigal Filho. And throughout the whole meeting--which was attended by a score of powerful businessmen, in addition to Agriculture Minister Antonio Delfim Netto and Industry and Commerce Minister Joao Camilo Penna--they savored liqueur and pink shrimp.

PROPOSED 1980 BUDGET OUTLINED

Bogota EL SIGLO in Spanish 28 Jun 79 pp 1, 17

[Article by Silverio Gomez C.: "A 159 Billion Peso Budget for 1980"]

[Text] The government will submit to the Congress of the Republic an expense and capital budget totaling 159 pesos, representing a 51 percent increase over the approved 1979 budget of 105 billion pesos, and an 87 percent increase over that of 1978 which totaled 82.215 billion pesos.

A total of 91 billion pesos will be allocated to operating expenses as compared to 71 billion this fiscal year. A total of 53 billion pesos will go into investments whereas public investment programs this year totaled 34 billion.

The government will also submit to the parliament an additional 15 billion peso plan for servicing the public debt. A similar project was submitted for this year, but Congress disapproved it when it disapproved the proposed level of foreign indebtedness.

The public investment portion of the budget was prepared by the Department of National Planning, taking into account the priorities contemplated in the Turbay administrations's Development Plan, known as the National Integration Plan, which seeks to shore up developmental "outposts" with the object of promoting greater regional economic autonomy and decentralization.

For the past several months the government has been giving budgetary expression to the development plan's objectives. The main investments will be in electrical energy and means of communications. The Ministry of Mines and Energy will have an allocation increased by 40 percent over this year's. In addition, private enterprise will have a large involvement in the construction work in this field as well as that of transportation. This increase in the budget of the Ministry of Mines is substantial if one considers that the 1978 increase over 1977 was only 3.4 percent. Also, a total of 2.7 billion pesos will be spent on road improvements alone.

The portion of the budget allocated to government employee salaries and to operations was prepared by the Budget Division of the Ministry of Finance based on the requests submitted by the different entities that make up the central administration.

Government expenditures for maintenance of the bureaucracy will increase by 20 billion pesos, which is less than the 1979 budgetary increase of 25 billion pesos over 1978 for this purpose. Nevertheless, the increase for the coming year is substantial, considering that the government anticipates that as the country enters new phases in its development, the model of its bureaucratic organization must be improved and expanded.

The government administrative expense budget must be submitted by the minister of finance within 10 days following the opening of the regular session of the Congress of the Republic which takes place on 20 July.

It was completed yesterday, just before Finance Minister Jaime Garcia Parra's departure for London, from where he will go to Paris to submit applications to the Consultative Group for credits totaling \$6 billion, approximately some 250 billion pesos, to be used exclusively for public investments over the next 4 years, as part of an overall package of \$14 billion over the same period.

According to information obtained, the proposed capital budget contains, in addition to allocations for energy and communications routes, substantial allocations for public health and continuation of the DRI [Integrated Rural Development] and PAN [Food and Nutrition Plan] programs initiated by the Lopez Michelsen government as keystones of its development plan "To Close the Gap," which sought to improve the situation of the poorest 50 percent of the Colombian population by increasing productivity.

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## FOREIGN EXCHANGE RESERVES HIGHEST IN HISTORY

Bogota EL ESPECTADOR in Spanish 21 Jun 79 p 14-A

[Article by Jurge Tellez: "Foreign Exchange Reserves Reach \$3.37 Billion"]

[Text] For the first time in its economic history, the country's foreign exchange reserves have reached the sum of \$3.37 billion, that is, the equivalent of 134.8 billion pesos.

This growth in reserves, generated mainly by revenues from the sales of coffee abroad, was the principal target of President Julio Cesar Turbay Ayala's announcement creating a dollar fund abroad to thus "dam up" some of the foreign exchange Colombia realizes from exports of the bean.

During the past several months, this increase in foreign exchange has been the object of controversy because of the upward pressure this phenomenon can exert on inflation because of the fact that in accordance with our exchange regulations every dollar reaching the Bank of the Republic generates pesos.

It also became known yesterday that the foreign exchange growth rate was accelerated in the last several days by the protocolization of the \$600 million loan which the government has obtained from a group of banks headed by the Chemical Bank. That credit will be used, as is known, for public works, to refinance the IDEMA [Agricultural-Cattle Marketing Institute] loan, and to cover part of the deficit affecting the Colombian Petroleum Enterprise.

The manager of the Bank of the Republic, Rafael Gama Quijano, admitted in the May letter published by the bank that the main expansionist pressure springs in fact from the 6.817 billion growth in foreign reserves resulting from increased coffee revenues and a diminished growth rate in outpayments for imports.

According to the manager of the bank of issue, on 25 May these reserves attained a level of \$2.923 billion, that is, \$430 million higher than the 1978 year-end level, a rise almost twice that experienced during the same period that year.

Inquiries by EL ESPECTADOR reveal, however, as stated above, that reserves have now reached the level of \$3.37 billion.

In Gama Quijano's view, the improvement being experienced in the current fiscal year from foreign exchange transactions is owing mainly to the \$399 million surplus in the current account, which is \$153 million greater than that of the first 5 months of last year, owing in turn to the accelerated growth of income over outgo. Income totaled \$1.55 billion, an increase of 19 percent thanks to the income contributed by products other than coffee and by services, rubrics which together rose \$247 million over the accrued level at May of last year.

The manager of the Bank of the Republic states in his published bank letter that the capital account, which in 1978 showed a \$16 million deficit, has now turned positive by a figure almost double the former deficit one.

#### Trade Balance

The 1979 trade balance thus far is running at a \$112 million surplus, an improvement of \$55 million, owing mainly to the growth of revenues from products other than coffee.

The 1979 coffee sales have reached \$554 million, which is \$12 million less than in 1978, owing to the decrease in the international market price. The latter is \$0.48 a pound less than it was at May 1978. On the other hand, shipments this year have totaled 4.5 million sacks, or 1.8 million sacks more than last year.

#### Monetary Situation

In another paragraph of Gama Quijano's bank letter, the official states that during May the money supply increased by 441 million (0.3 percent) to 132.76 billion, representing a 1.6 percent decrease [as published] to date for this year and an annualized increase of 20.8 percent.

"Both the annualized variation and the 1979 variation to date represent the slowest growth rate in the last 5 years, a result of the effectiveness of the excess money supply control policy, made necessary for the most part by increased income from abroad," said Gama.

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BETANIA HYDROELECTRIC PROJECT APPROVED

Bogota EL TIEMPO in Spanish 13 Jun 79 p 9-A

[Text] The government yesterday approved construction of the Betania Hydroelectric Plant in the department of Huila and defined it as the "true prime mover of the development of the southwestern part of the country."

This project, which has been under study for the last decade, will require an investment of more than 25 billion pesos. Construction will start next year.

In its initial stage, the Betania Hydroelectric Plant will have a generating capacity of 510,000 kilowatts, with the possibility of augmenting this capacity to a total of 800,000 kilowatts.

Betania will be built on the Magdalen river, south of Neiva, just beyond the mouth of the Yaguara river.

The building of the plant was authorized by the board of directors of Interconexion Electrica, S.A. and will be carried out by the ICEL [Colombian Electric Power Institute], together with its southwestern subsidiaries: the power companies of Cundinamarca, Huila, Tolima, Caqueta, the power plants of Cauca and Narino, and the CHEC [Caldas Hydroelectric Plant.]

Carlos Rodado Noriega, manager of the ICEL, said that the realization of the Betania Hydroelectric Plant represents one of the present administration's intended projects and is indicative of a sound energy policy.

Rodado Noriega pointed out that several highly competent studies had shown the need to establish in the electrical sector a balance between locally produced power and power purchased through the national interconnection network, resulting in regional, technical, administrative and financial gains.

The ICEL manager observed that Betania represents for the southwestern part of the country the start of a process wherein the power companies can put their own resources to work in resolving their energy needs, eliminating the need to subsidize these regions.

This new criterion for the construction of power plants by the ICEL will make it possible to obtain greater flexibility within operating, technical and financial capabilities in the practical utilization of the 92 million kilowatts distributed over the 308 projects identified by the inventory of hydroelectric resources.

Rodado Noriega said that in this manner a process of decentralization and diversification of alternate sources of generated power has now started.

"The Betania project," he concluded, "constitutes the true prime mover for the development of the southwestern part of the country, not only because it provides for a sufficient and reliable availability of electric power, but also because it generates direct and indirect employment in its zone of influence."

The final approval of the Betania project was the responsibility of a committee made up of Public Enterprises of Medellin, the Bogota Electric Energy Enterprise, The Cauca Regional Corporation (CVC), the National Planning Department, and the Ministry of Mines.

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HAVANA PURSUES FOREIGN POLICY AIMS IN ETHIOPIA, CONGO

Cubans Decorated in Ethiopia

Havana VERDE OLIVO in Spanish 22 Jul 79 p 53

[Text] The president of Ethiopia, Lt Col Haile-Mariam Mengistu, said that the revolutionary struggle of his country proves that those who are fighting for equality and socialism are not abandoned either politically or militarily.

In a ceremony held in the region of Harargue at which members of the Cuban armed forces, participants in the Ethiopian revolutionary war, were decorated, Mengistu pointed out that "the duty of all revolutionaries is to make the revolution and to ensure its victorious course."

The supreme leader of the PMAC [Provisional Military Administrative Council] said that his people take pride in decorating the Cubans as a tribute to their outstanding sense of revolutionary internationalism.

He said that the Cubans marched side by side with the Ethiopian army in an unyielding struggle against the expansionists, at times when Ethiopia was fighting the forces of international imperialism and reaction on all fronts.

In this ceremony held at the Agricultural University of Alemaya, the Ethiopian leader said that the exemplary service of the Cubans in carrying out their internationalist mission was a demonstration of their decision to sacrifice their lives for the cause of the revolution and Ethiopian unity.

He said that this glorious page written with the blood of the Cubans and their contributions to the struggle fought by oppressed peoples entitle them to the position of a true vanguard force in history.

The geographic distances separating Cuba and Ethiopia, said Mengistu, have been shrunk by their shared ideology and by their desire to build a new society based on equality and justice, and free from exploitation, a society in which democracy and socialism prevail.

He added that the best response his country can make in return for the aid it has received is to fulfill its own internationalist obligations, and Ethiopia is now ready and willing to do so.

The graduation ceremony, at which the minister of defense, Brig Gen Taye Tilahun also spoke, was attended by PMAC members, ministers, high Ethiopian and Cuban officials, and leaders of mass organizations.

#### Congo Youth Conference Slated

Havana JUVENTUD REBELDE in Spanish 6 Jul 79 p 3

[Article by Estrella Fresnillo]

[Text] Angola is a battleground for the revolution in Africa; its Party Youth, in demonstration of this, has just taken part in the fifth meeting of the executive board of the PAYM [Pan-African Youth Movement] held in Algiers as part of the preparations for the August conference.

This important African event will be held in Brazzaville, Congo. The leader of the JMPLA [Youth Movement of the Popular Movement for the Liberation of Angola] delegation in Algiers, and its first secretary, Captain Bornito de Sousa, spoke with JUVENTUD REBELDE on the relations of the JMPLA with the African and world youth movements and on other topics of interest to our readers.

The JMPLA, as a marxist-leninist organization, defends the principles of proletarian internationalism and must therefore work to ensure that the youth movements of this continent will support progressive positions.

We think that the meeting of the PAYM executive board was a positive one, because it enabled us to consider specific jobs to be done to combat imperialism, which was defined as our principal enemy.

Warnings were issued about the dangers of military bases located on African territory which infringe upon the security of our peoples. There was discussion about breaking the bonds of domination by imperialist monopolies and of raising the consciousness of young people on the economic and social independence of the countries of this continent.

Therefore, it is the PAYM's role to promote participation by young people in support of the struggle waged by liberation movements against colonialism, neocolonialism, racism, and imperialism.

The relationship of the JMPLA with the youth of oppressed peoples is a close one. We say that the struggle in Namibia, Zimbabwe, South Africa is a continuation of our own struggle.

The organizations of the socialist countries are the natural allies of the JMPLA. These organizations have broad experience with youth work. They are a source of enrichment for us, who just recently began to organize ourselves. After the first national conference held in 1978, the foundations were laid for us to become a Party Youth organization, a mass organization with a selective organization, in order to accomplish the work decided by the MPLA [Popular Movement for the Liberation of Angola] congress.

Our development program is designed to educate the Party Youth in the principles of Marxism-Leninism, giving them true patriotic and revolutionary training. The lack of cadres is the biggest problem we have at this time. For that reason, we are concentrating all our efforts this year on preparing cadres at all levels.

A great number of Angolan young people are enrolled in party schools, either in our country or in other places, such as the USSR, the German Democratic Republic, and Cuba. Relations with the Union of Young Communists of Cuba are very extensive; these ties were forged in a shared struggle with ties cemented by blood spilled in combat and in the work of national reconstruction that is being done on all fronts. They are a reflection of the ties that exist between the Communist Party of Cuba and the MPLA-Labor Party. Their greatest proof of friendship is the practice of internationalism.

A demonstration of this is the presence of the "Che" Guevara Educational Contingent. This provides a good example for our young people whom we are training now, especially

for our students, who respond to this beautiful gesture with greater diligence in their studies. The instruction provided by our comrades in the educational contingent is well received by the Angolan people in general, who are becoming more aware of the importance of education to them.

The generous attitude of these teachers is a continuation of the attitude of the Cuban military combattants who in our hardest times fought on the sides of the soldiers of the FAPLA. They are all following the example of the heroic commander "Che" Guevara, and are demonstrating in practice the internationalist feeling of the Communist Party of Cuba, led by its commander in chief Fidel.

This is a great experience which acts to encourage our young people. And this example will certainly be followed. We have duties toward other peoples of Africa, duties which we will fulfill in our turn.

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## ANTONIO MACEO EMIGRE YOUTH ACTIVITIES

## Call for U.S.-Cuba Relations

Havana Domestic Service in Spanish 1000 GMT 10 Aug 79 FL

[Text] The members of the Antonio Maceo brigade second contingent called Carlos Muniz Varela who are on the Isle of Youth discussed and approved a political document covering the struggle for lifting the blockade against Cuba and the establishing relations with the United States. Raul Alzaga, member of the Antonio Maceo national directorate, told newsmen that the document deals with promoting greater detente between the Cuban community abroad and Cuba. The spokesman also reported that the political program included aspects which link the brigade to the countries where Cubans live. Raul Alzaga, a Cuban living in Puerto Rico, stressed that future regulations will be discussed by the national committees in the United States, Venezuela, Spain and Puerto Rico.

## Brigade Departs Cuba

Havana Domestic Service in Spanish 2130 GMT 13 Aug 79 FL

[Text] The first group of the members of the Antonio Maceo brigade Carlos Muniz, second contingent, yesterday returned in the United States and Puerto Rico. Also departing was a large group of children of Antonio Maceo brigade members who for 28 days had their vacations in various pioneer camps in the country. At the airport in Rancho Boyeros before leaving Rafael Betancourt, member of the Antonio Maceo brigade executive committee, called for the formation of a third contingent to continue next summer this beautiful tradition which is full of patriotic and solitary significance.

CSO: 3010

## HAVANA COMMENTARY RECALLS CHIBAS' DEATH

Havana Domestic Service in Spanish 1630 GMT 14 Aug 79 FL

[Guido Garcia Inclan commentary: "Letter from Freddy"]

[Text] We have received a new letter from Freddy from Miami which we present to you in all its content and essence.

Dear Guido. Everything is the same here. The great city is increasing. The Americans and the Latins work alot for this piece of land and they use it splendidly in the summertime. Because for the yankees this is a refuge and for the Latins a friendly house. The flights to here are increasing and those who come and go make our airport a continuous reception hall.

Our reporters, including myself, spend many full days at the airport, because it is where news is happening. We know that Havana is being renovated and that the preparations for the sixth nonaligned summit are very great. Do not forget that I have promised you to visit there around that date. It is about time, because the last time I was in my dear Cuba I was in Santiago de Cuba where I visited, as I remember, Marti's tomb for which you worked so much until achieving it. I was a witness to all of that.

Now I see on the calendar you sent us that the date of Eduardo Chibas' death is soon 16 August. As every year I go the cemetery to pay homage to that unforgettable leader, I can never forget my only political party [Ortodoxo] in Cuba. I believe it was yours and Fidel's.

All the time I recall the words of "shame against money" because that said much, very much in few words. And it seems that every day and everywhere the phrase which has already been changed into an international political slogan, is more necessary.

As I always tell you, keep writing to me. Send me useful material. This messenger will do the same. Receive a strong embrace from Freddy.

CSO: 3010

## BRIEFS

**FAR VANGUARDS**--A ceremony welcoming the Revolutionary Armed Forces--FAR--vanguards of the 1978-79 training year was held at the FAR Main Club. It was chaired by Brig Gen Orlando Rodriguez Puertas, member of the PCC Central Committee. Others attending included Brigade Generals Juan A. Mendez Sierra and Armando Choy, and Julio Machado, secretary general of the National Union of FAR Civilian Workers. Col Manuel Penado Casanova, first deputy chief of the FAR Central Planning Directorate, welcomed the vanguards and after pointing out the qualities of those honored, he called on them to continue being examples for the rest of the troops. [Text] [Havana Domestic Service in Spanish 1000 GMT 9 Aug 79 FL] The Revolutionary Armed Forces--FAR--vanguards in the 1978-79 training year yesterday were honored by the Union of Young Communists [UJC], the Committees for the Defense of the Revolution--CDR--national directorate, the Jose Marti pioneer organization and the student organizations. The UJC homage to the sergeants, soldiers, sailors, cadets, marines, members of the Camilo Cienfuegos youth organization and civilian workers who obtained this honorable award was chaired by Luis Orlando Dominguez, member of the PCC Central Committee and first secretary of the UJC. Julio Cesar Castro-Palomino, member of the youth political organization's national bureau, expressed the UJC's appreciation for and admiration of those who are the genuine representatives of tens of thousands of comrades in the units who have worked to increase training and combat readiness of the FAR. [Excerpt] [Havana Domestic Service in Spanish 1045 GMT 10 Aug 79 FL]

**FAR AWARD PRESENTATION**--The award presentation ceremony for the Revolutionary Armed Forces--FAR--vanguards for the 1978-79 training year ended a few moments ago. The sergeants, soldiers, sailors, marines, Camilo Cienfuegos youth organization members and civilian workers received the awards at a ceremony held at the Granma Memorial, which is in front of the museum of the revolution. The ceremony was presided over by Div Gen Senen Casas Regueiro, member of the PCC Central Committee and first vice minister-chief of the FAR general staff, and Vice Admiral Aldo Santamaria, member of the Central Committee. The keynote speech was made by Division General Senen. He said that it was a just recognition of the efforts made by them in the past training year. [Excerpt] [Havana Domestic Television Service in Spanish 1700 GMT 10 Aug 79 FL]

**FAR VANGUARD MEMBERS**--On behalf of the Cuban labor movement, members of the Central Organization of Cuban Workers [CTC] secretariat last night congratulated the sergeants, soldiers, seamen, cadets, midshipmen, Camilo Cienfuegos military schools' students and civilian workers of the Revolutionary Armed Forces [FAR] who have just completed the 1978-1979 school term. The ceremony was chaired by CTC Second Secretary Agapito Figueroa and Lieutenant Colonels Armando Saucedo and Gustavo Milian of the FAR political central directorate. In a speech welcoming the FAR vanguards, CTC executive secretariat member Francisco Traviesco pointed out that their victories belong to all Cubans because, as Camilo said, "you are the people in uniform." On behalf of the FAR vanguard members, civilian worker and National Work Hero Oscar Quijano expressed gratitude for the labor movement's congratulations. [Text] [Havana Domestic Service in Spanish 1000 GMT 11 Aug 79 FL]

**FAR FAREWELL CEREMONY**--The week honoring 1978-1979 Revolutionary Armed Forces [FAR] vanguard members concluded last night with a farewell ceremony during which Col Mario Cruz Amada, chief of the FAR General Staff Directorate, made a speech. Colonel Cruz Amada conveyed to the vanguard members greetings from the FAR minister and urged them to continue to maintain their vanguard status. The sergeants, soldiers, seamen, midshipmen, cadets, Camilo Cienfuegos military schools' students and civilian workers who achieved the condition of 1978-1979 FAR vanguard member were honored over a period of 1 week in Havana. During the week they visited military units, military industrial enterprises, military educational centers and historic and recreational places. They also held meetings with leaders and members of the Committees for the Defense of the Revolution, the Federation of Cuban Women [FMC] and the Central Organization of Cuban Workers. [Excerpt] [Havana Domestic Service in Spanish 1045 GMT 13 Aug 79 FL]

**NATIONAL VANGUARD MEDAL**--The National Vanguard medal was presented in a ceremony in Havana to the students who won the student emulation during the 1978-1979 school term. Roberto Robaina, president of the Federation of University Students [FEU], read the award resolution to national vanguard members of the Federation of Intermediate-Level Students, the FEU and the Youth Movement of the 14 provinces and the special municipality of the Isle of Youth. [Excerpt] [Havana Domestic Service in Spanish 1000 GMT 14 Aug 79 FL]

**OCLAE ANNIVERSARY**--The 13th anniversary of the Continental Organization of Latin American Students [OCLAE] was marked yesterday by the Union of Young Communists [UJC] with a ceremony held at the children's day care center teachers training school in Santiago de Cuba. In his closing remarks Juan Chediak, a member of Santiago de Cuba's UJC Provincial Committee, briefly reviewed OCLAE's activities for the past 13 years and its contributions to the unity of the continent's youth in the struggle against imperialism. [Text] [Havana Domestic Service in Spanish 1000 GMT 13 Aug 79 FL]

TRAIN CRASH--One person was killed and more than 50 were injured in a crash between two passenger trains which run between San Luis and Guantanamo and Santiago de Cuba and Antilla, respectively. It took place in the area known as El Olimpo in Song-la Maya Municipality, Santiago de Cuba Province. Railroad transit officials said that the fiat train going from Santiago de Cuba to Antilla violated the right of way order. As a result of the violation the two trains crashed violently at Kilometer 73 some 600 meters past the place where the fiat train should have waited for the other train to pass. As a result of the impact the fiat caught fire and was completely destroyed despite efforts by the firemen from the provinces of Santiago and Guantanamo. [Excerpts] [Havana Domestic Service in Spanish 1100 GMT 9 Aug 79 FL]

TRAFFIC ACCIDENT PROBLEM--National traffic week, which is dedicated to the Cuban children on the occasion of the International Year of the Child, begins today, as part of the observance the campaign of educating workers, peasants, students and people in general on rules and laws governing traffic will be intensified. In a speech at the preparatory meeting where the week's activities were discussed, transportation minister and PCC Central Committee member Antonio Enrique Lusson noted the need for educating the population on traffic laws. Likewise, he referred to the adoption of concrete measures aimed at reducing traffic accidents, which are the cause of numerous deaths and injuries as well as property damage. [Text] [Havana Domestic Service in Spanish 1100 GMT 11 Aug 79 FL]

CSO: 3010

EFFECTS OF GOVERNMENT DECENTRALIZATION DESCRIBED

Mexico City EXCELSIOR in Spanish 18 Jul 79 pp 12-A, 13-A

[Text] On 3 July, President Jose Lopez-Portillo approved and put into operation the National Program of Territorial Deconcentration of the Federal Public Administration.

What Is It?

It is an action of the federal government which is part of its administrative reform so that the public services of the federal public administration be provided with greater equality and efficiency in the country and federal public expenditures and investments be spent more at their places of allocation.

This process that contributes to decongesting the metropolitan areas of the country and the urban centers tries to relocate as much as possible the offices and organizations of the federal public administration and transfer human, financial and material resources to different geographic areas of the country.

The program is part of the administrative decentralization process which, through the delegation of decision-making and the transfer of corresponding financial resources, tends to simplify procedures and bring the actions and decisions of the public administration closer to the people in order to help the inhabitants of the country to exercise their rights and fulfill their obligations closer to their homes.

As a result of the National Urban Development Plan, the program also seeks to contribute to the best exploitation of the human, material and natural resources of the country and to stimulate and encourage the development of regions and cities that, because of their potential and characteristics, can become alternatives for more balanced growth.



By establishing future decentralized public services in different cities as well as relocating--only in necessary cases--present federal units or employees, the program will also facilitate coordination between federal and local authorities as well as more objective and expeditious decision-making. This will mean quicker and more efficient attention to the needs and demands of the people--the objective of the administrative reform--since decisions will be made closer to the site where they will be carried out.

Territorial decongestion and the stimulus for economic decentralization also tend to strengthen the federal system since they will revitalize the domestic market between states, making them participants in a greater proportion of public expenditures and investments through economic apportionment and the creation of new jobs in the recipient cities resulting from the relocation of federal organizations.

#### What Is Its Objective?

To influence the required growth of the federal public administration so that it takes place in priority areas of development and in the areas where the services of each organization are needed.

It is a carefully thought-out process in which each office and organization of the federal government properly plans the creation of new jobs that it will need in order to locate the greatest number possible outside the AMCM [Metropolitan Area of Mexico City].

#### How Was the Program Formulated?

The following steps were taken:

Each office and organization of the federal government made its own studies to establish what type and proportion of its duties, new jobs, investments and expenditures could be decentralized and in which city or cities it could do this.

Studies were also made to select the cities that will receive priority decentralization and to establish their characteristics, capacity and needs.

Later, the program policies were formulated and policies of action were agreed upon with the different sectors of the federal government.

Finally, the decentralization proposals presented by the organizations and offices were compiled.

The program was formulated from all these elements and presented to the president of the republic.

### Whom Does the Decentralization Program Include?

The program includes the entire federal public administration. The stage that has just ended--formulation of the program--included 16 offices of the executive branch and 888 semipublic organizations. Some 270 of these which were already decentralized, were not in operation or were not movable because they are needed where they are located were subtracted from this number.

This left 16 offices and 613 semipublic organizations, the great majority of which supplied information about their location and made decentralization analyses.

Because of the nature itself of their functions, the Secretariats of National Defense and Navy and the Department of the Federal District were not included in the program.

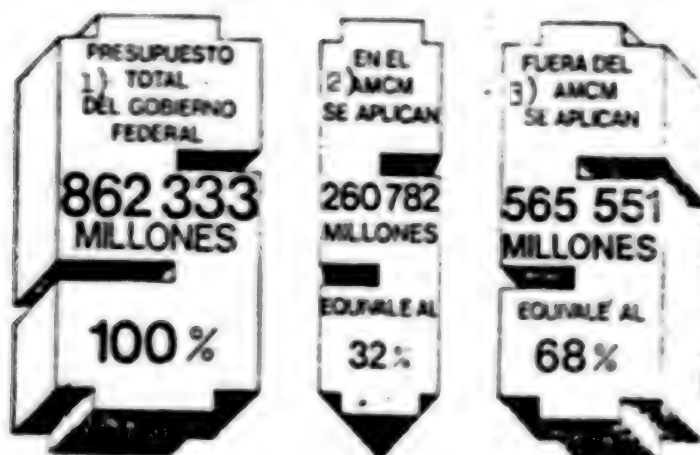
### What Is the Location of the Federal Public Administration?

The information supplied by the offices and organizations in June 1978 shows that the federal public administration has 1,818,521 employees with 32 percent (588,660) located in the AMCM.



#### Key:

1. Federal government has 1,818,521 employees
2. Rest of country has 1,299,861 or 68%
3. In AMCM 588,660 or 32% work



**Key:**

1. Total budget of federal government
2. In AMCM 260,782,000,000 are spent; this equals 32%
3. Outside the AMCM 565,551,000,000 are spent; this equals 68%

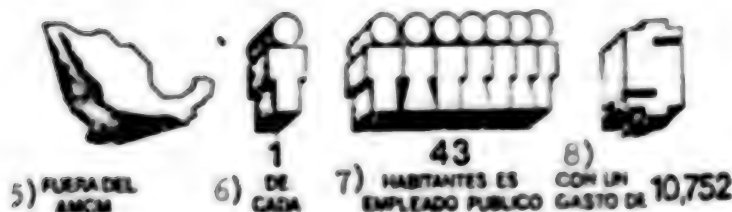
That year 260,782,000,000 pesos of the federal budget which reached 862,333,000,000 pesos were spent in the AMCM.

It can be observed that one out of every 22 inhabitants in the AMCM is a public employee while in the provinces that ratio is one out of every 43 inhabitants.

The concentration of human and budgetary resources of the offices and organizations of the centralized public administration--that is, secretariats, departments and organizations directly under the federal executive branch--in the AMCM varies since 11 of them employ more than 50 percent of their personnel in this area and nine spend 50 percent of their budget there.

In the semipublic organizations, the percentages of concentration of employees vary from 8 to 100 percent. Groups like ISSSTE [Institute of Social Security and Services for Government Workers], IMSS [Mexican Social Security Institute], DIP [expansion unknown] and CONACYT [National Council for Science and Technology] vary from 33 to 97 percent.

Seven semipublic organizations spend more than 50 percent of their budget in the AMCM.



#### Federal Employees and Budget per Inhabitant

##### Key:

- |                                      |                                      |
|--------------------------------------|--------------------------------------|
| 1. In the AMCM                       | 5. Outside the AMCM                  |
| 2. Of each                           | 6. Of each                           |
| 3. Inhabitantes is a public employee | 7. Inhabitantes is a public employee |
| 4. With an expenditure of            | 8. With an expenditure of            |

The offices and organizations have about 3,400 installations in the AMCM covering an area of almost 39 million square meters of land and 41 million square meters of construction. About 85 percent of the installations are concentrated in Cuauhtemac, Benito Juarez and Venustiano Carranza; 13 percent in Miguel Hidalgo, Azcapotzalco, Gustavo A. Madero and Iztacalco; and 2 percent in the nine remaining districts. In other words, 77 percent of the public employees work in 1.56 percent of the total area of the AMCM.

In summary, the data obtained show that 20 percent of the total population of the country, 32 percent of the federal public employees and 32 percent of the federal public expenditures are concentrated in the AMCM. This analysis does not include two secretariats, the Department of the Federal District, the offices of the federal executive branch and the legislative and judicial branches.

#### How Will Decentralization Be Carried Out?

Basically, by insuring that the increase of the number of public employees in the AMCM be minimal and new jobs be located in the provinces which, in that way, will receive a larger proportion of investments and expenditures.

**Territorial Location of Human and Budgetary Resources in 1978**  
**Centralized Public Administration**

1) DEPENDENCIAS	2) PERSONAL			3) PRESUPUESTO (millones de pesos)		
	TOTAL	AMCM	% Total	TOTAL	AMCM	% Total
1 Patrimonio y Fomento Industrial 4)	3 621	3 623	92	778	748	96
2 Relaciones Exteriores 5)	1 647	1 461	89	836	800	96
3 Programación y 6)						
Presupuesto	14 025	12 318	88	3 618	3 271	90
4 Comercio 7)	8 238	5 152	63	1 112	1 104	99
5 Gobierno 8)	7 334	5 824	79	817	664	81
6 Trabajo y Previsión Social 9)	3 195	2 413	76	825	680	79
7 Reforma Agraria 10)	10 448	6 651	64	1 857	1 126	60
8 Hacienda y Crédito Público 11)	46 074	26 651	58	7 873	5 201	66
9 Turismo 12)	2 065	1 134	55	294	233	85
10 Salud y Asistencia 13)	79 754	43 975	55	9 983	4 812	48
11 Pesca 14)	4 509	2 314	51	1 741	361	21
12 Comunicaciones y Transportes 15)	57 725	28 680	50	16 991	7 072	41
13 Procuraduría General de la República 16)	3 207	1 338	42	513	238	46
14 Educación Pública 17)	589 569	149 184	25	74 373	18 847	25
15 Agricultura y Recursos Hidráulicos 18)	85 050	19 694	23	14 969	3 856	26
16 Asentamientos Humanos y Obras Públicas 19)	58 145	11 145	19	12 099	1 237	10
20) TOTALES	972 804	321 448	33	148 627	50 070	34

21) Datos de Junio de 1978

**Key:**

- |   |   |
|---|---|
| 1. Offices                              | 12. Tourism                             |
| 2. Personnel                            | 13. Health and assistance               |
| 3. Budget (millions of pesos)           | 14. Fisheries                           |
| 4. Patrimony and industrial development | 15. Communications and transport        |
| 5. Foreign relations                    | 16. Attorney general                    |
| 6. Programming and budget               | 17. Public education                    |
| 7. Commerce                             | 18. Agriculture and hydraulic resources |
| 8. Government                           | 19. Human settlements and public works  |
| 9. Labor and social welfare             | 20. Totals                              |
| 10. Agrarian reform                     | 21. Data from June 1978                 |
| 11. Finance and public credit           |   |

**Territorial Location of Human and Budgetary Resources in 1978**  
**Semipublic Organizations**

1) ENTIDADES PARAESTATALES COORDINADAS POR :	2) PERSONAL			3) PRESUPUESTO (millones de pesos)		
	TOTAL	AMCM	% del Total	TOTAL	AMCM	% del Total
1) Salud y Asistencia 5)	8 194	8 194	100	1 092	1 092	100
2) Programación y Presupuesto 6)	804	796	99	874	453	52
3) Trabajo y Previsión Social 7)	1 947	1 849	95	388	365	94
4) Educación Pública 8)	13 766	8 646	63	7 442	3 176	43
5) Reforma Agraria 9)	1 216	725	59	1 099	304	28
6) Gobernación 10)	10 863	5 207	48	4 925	2 211	45
7) Asentamientos Humanos y Obras Públicas 11)	2 829	1 413	48	85 486	17 097	20
8) Hacienda y Crédito Público 12)	52 190	21 590	41	40 715	27 481	67
9) Comercio 13)	21 895	10 283	47	170 963	49 110	29
10) Turismo 14)	1 134	429	38	1 659	615	37
11) Comunicaciones y Transportes 15)	153 864	29 943	20	47 818	14 095	29
12) Patrimonio y Fomento Industrial 16)	316 583	77 730	25	196 051	44 920	23
13) Agricultura y Recursos Hidráulicos 17)	33 915	3 205	9	14 371	1 128	8
14) Pesca 18)	7 678	818	11	6 096	1 185	20
15) Relaciones Exteriores 19)				1	1	100
19) SUBTOTALES	823 902	178 429	22	578 770	163 133	28
20) ENTIDADES NO SECTORIZADAS						
DIF 21)	9 118	7 103	78	2 070	1 628	79
IGESSE 21)	34 836	22 499	64	30 000	21 060	70
INFONAVIT	2 720	1 538	56	9 028	3 322	37
IMSS	175 039	57 644	33	48 636	21 936	45
22) SUBTOTALES	221 813	88 773	40	89 036	47 579	48
23) TOTALES	945 715	267 202	28	667 806	210 712	31

24) Datos a junio de 1978

**Key:**

- |  |   |
|--|---|
| 1. Semipublic organizations coordinated by | 15. Patrimony and industrial development                            |
| 2. Personnel                               | 16. Agriculture and hydraulic resources                             |
| 3. Budget (millions of pesos)              | 17. Fisheries   |
| 4. Health and assistance                   | 18. Foreign relations   |
| 5. Programming and budget                  | 19. Subtotals   |
| 6. Labor and social welfare                | 20. Organizations not included above                                |
| 7. Public education                        | 21. INFONAVIT [Institute of the National Fund for Workers' Housing] |
| 8. Agrarian reform                         | 22. Subtotals   |
| 9. Government                              | 23. Totals  |
| 10. Human settlements and public works     | 24. Data from June 1978   |
| 11. Finance and public credit              |   |
| 12. Commerce                               |   |
| 13. Tourism                                |   |
| 14. Communications and transport           |   |





1) EL 85 %  
DE LAS INSTALACIONES  
DE LA ADMINISTRACION PUBLICA  
SE UBICAN EN LAS  
DELEGACIONES

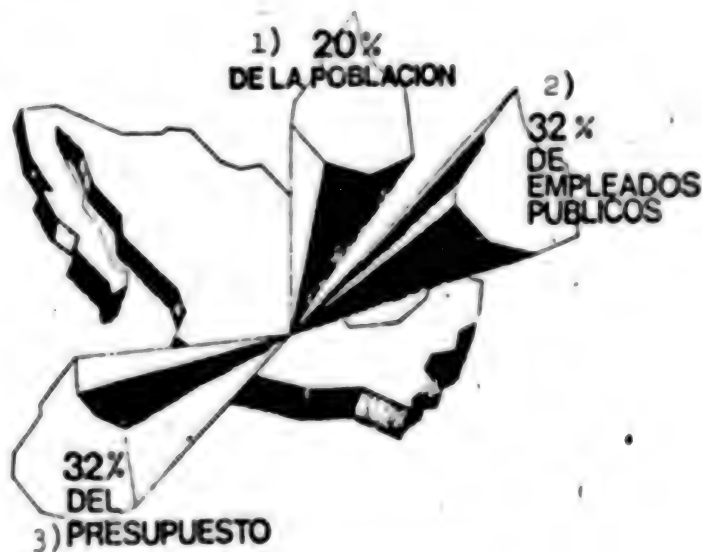
1 CUAUHTEMOC  
2 BENITO JUAREZ  
3 VENUSTIANO  
CARRANZA

2) Y EL  
15 %  
EN LAS DELEGACIONES  
RESTANTES

#### Concentration

Key:

1. 85% of public administration installations are located in the following districts
2. 15% are in the remaining districts



#### AMCM concentrates:

Key:

1. 20% of population
2. 32% of public employees
3. 32% of budget

This means that decentralization will proceed in two ways: one is the preventive method which tries to keep the federal public administration from continuing to grow in the capital of the republic; and the other is the corrective method which refers to a gradual relocation of semipublic organizations unnecessarily located in the AMCM now. A prior study of administrative decentralization by each organization and office with the support of the General Coordination of Administrative Studies of the Presidency of the Republic is fundamental to this method so that the regulatory units that establish the guidelines for activities, planning, programming and evaluation and --obviously--those that serve the inhabitants of the area remain in the AMCM and the units that have operational and decision-making functions move to the provinces.

This does not mean a spectacular movement of federal offices, a transfer of secretariats to different cities in the country or a massive exodus of public employees.

Rather, it is a planned and rational action to change the inertia of the centralized growth of the federal public administration and the inherent concentration of decisions and operations in the AMCM.

The delegation of power and the transfer of functions and financial resources, far from representing a transfer of problems and difficulties to the provinces, mean balanced and efficient public service throughout national territory.

In general terms, the offices and organizations of the federal government propose, as initial goals, to locate 44,470 possible new jobs which will be required for service and 15,963,000,000 pesos originally programmed for this area outside the AMCM. These quantities represent a starting point because, as the studies that correspond to each sector advance and decisions are made to allocate resources at an adequate rate in order to carry out decentralization, the process of contracting public servants in the provinces will intensify.

The federal government also proposes to begin partial decentralization of its offices and organizations. It has been estimated that 21,218 employees will be relocated at the beginning with 15,196,000,000 pesos spent in the provinces.

The decentralization of 25 semipublic organizations has also been approved under schedules and procedures defined by the sector coordinators.

Since the public servants are the basic factor so that the program can comply with the plans for the general benefit of the country, all the steps mentioned will be carried out under constant coordination with the Federation of Public Employee Unions.



The Secretariat of Human Settlements and Public Works is already carrying out works of infrastructure in those cities in order to prepare them for the decentralization so that it will not mean problems but orderly growth and development. These works to increase the capacity of the recipient cities to benefit their inhabitants are being done through already established urban development agreements or those to be established between the federal government and the state governments.

The cost of the projects of the Secretariat of Human Settlements and Public Works in these cities will reach 2,931,000,000 pesos this year in the following areas: potable water, drainage and sewerage, 381 million pesos; highways, 1,609,000,000 pesos; airports, 567 million pesos; and other urban projects, 374 million pesos. Concerning housing, the specialized organizations will carry out more than 90,000 operations in these cities at a cost of 16,389,000,000 pesos. These include 1,739 shares, 639 credits, 52,364 finished housing units, 6,801 improvements and 28,575 in progress.

#### How Will Decentralization Be Supported?

Since decentralization is indispensable for the harmonious development of the country, its efficient realization cannot be achieved without the help of the entire public sector. Support for federal employees and their families has been especially planned. Policies will be established between the different sectors of public administration like housing, health and social security, finance and public credit, human resources, programming and budget, education and commerce.

Some aspects that will be facilitated as much as possible will be financing places of residence in the recipient cities and enrolling the children of the workers in schools. Steps will be taken so that they will have access to specialized medical services and recreational, sports and cultural centers will be established or expanded. In this way, they will be able to better enjoy the advantages of peace, healthy environment, living together and other advantages that the provinces offer.

This decentralization effort which the federal government is beginning with its organizations is part of a global proposal that affects all Mexicans since the task of decongesting the AMCM and encouraging the development of the provinces must be extended to all fields of activity.

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CSO: 3010

NATURAL RESOURCES BEING INVENTORIED

Mexico City EL SOL DE MEXICO in Spanish 11 Jul 79 p 5-B

[Text] An inventory of Mexican natural resources is in progress and every effort will be made to finish it in the next 3 years, according to Miguel de la Madrid, secretary of programming and budget, yesterday.

He stated that the main objective is to provide, "in the least time possible, significant support for the planning process of the diverse sectors of public administration and of the social and private sectors at the national level as well as at regional and state levels."

That inventory is being carried out by DETENAL [General Office of Studies on National Territory].

De la Madrid presided over the fourth meeting of the Geographic Information Technical Consulting Committee of the Federal Public Administration yesterday which was held as part of the general coordination of the National Information System of the secretariat. He explained that DETENAL is inventorying natural resources in each of the states.

De la Madrid revealed that the pictures taken by the "Landsat" satellite are being processed in order to use them as complementary instruments to quantify resources and plan important activities like agriculture, livestock, forestry and mining.

Teams of geology and biology investigators and mining engineers, etc., travel through the different regions of the country making maps that detail existing natural resources. According to De la Madrid, the intention of his secretariat is to keep before the public a report of the work being done as well as the work needed to satisfy priority needs.

He told the representatives of the Geographic Information Technical Consulting Committee: "It is impossible to improve our information

system without the participation of organizations" since, through the years, they have accumulated experience and knowledge about their respective fields of activity. He exhorted the members of that committee to increase cooperation so that there can be an information system suited to the needs of Mexico.

The technical committee consists of representatives of the Secretariats of Public Education and Agrarian Reform, SAHOP [Secretariat of Human Settlements and Public Works], SCT [Secretariat of Communications and Transport], Secretariat of Government, SARH [Secretariat of Agriculture and Hydraulic Resources], Secretariats of National Defense, Navy, Patrimony and Industrial Development, Foreign Relations and Finance, SSA [Secretariat of Health and Welfare], Secretariats of Tourism and Commerce and decentralized organizations. De la Madrid was accompanied by: Victor Varela Reyes, director general of studies on global support systems of the presidency of the republic; engineer J. Alberto Villasana, director of DETENAL; and Sergio Mota Marin, general coordinator of the National Information System.

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CSO: 3010



## BRIEFS

OIL DEAL FOR ISRAEL--Jerusalem, 10 Jul (UPI)--David Ibarra, Mexican secretary of finance, promised Israel uninterrupted oil supplies. In turn, he asked for extensive Israeli technological aid. Ibarra, accompanied by Gustavo Romero Kolbeck, director general of the Central Bank of Mexico, toured the Galilee region of northern Israel today, the second and last day of his visit. Yesterday the Mexican officials enjoyed a work lunch with the Israeli minister of finance, Simcha Ehrlich. Later, in a press conference, they said that Mexico needs Israeli expertise in agriculture, medicine, chemistry and solar energy. The officials did not want to say if certain matters were discussed in Ehrlich's talks with the Mexicans but they emphasized that there was no explicit reference to an exchange of oil for Israeli expertise. When he arrived on Sunday, Ibarra announced to journalists that Mexico will fulfill its commitments to Israel in spite of Arab pressure. He added that he could promise larger oil supplies if Mexican production increases. Ibarra and Kolbeck flew there for the opening of an Israel Museum exhibit of Mexican coins from the 16th century to the present. The Mexicans plan to leave tomorrow. [Text] [Mexico City EL SOL DE MEXICO in Spanish 11 Jul 79 p 1-B] 7717

CSO: 3010

YUGOSLAVS INTERESTED IN TRADE, INVESTMENTS

Montevideo EL PAIS in Spanish 9 Jul 79 p 5

[Text] A Yugoslav delegation led by Redzep Dolovac and made up of representatives of the largest firms of that country, arrived in Montevideo yesterday afternoon. The purpose of this visit is to expand trade links with Uruguay and to discuss investments and financing of industrial and infrastructure projects.

As Dolovac said to the press at the Carrasco International Airport, the delegation is mainly interested in hides and wool, as well as other traditional and nontraditional export products, and that it offers technological contributions among others to agriculture and the fishing and textile industry.

Redzep Dolovac, the chairman of the Yugoslav General Association of Leather Industries, heads this trade mission which also includes Dragan Tomic, the secretary of that association; Dobrica Radosavijevic, deputy general director of the firm "Progres" (dealing with international trade, investment projects, financing, imports, industrial projects, dealerships, fishing consortia and tourism); Ranko Sotra, the economic counselor of the general board of "Inves. Import" (the trade firm representing numerous Yugoslav firms in all fields, and also active in industrial, financial and general investments projects); and Slobodan Stretnovic, high economic counselor of the firm "Centrotekstil" (importer of raw materials for the textile and leather industries, and traditional and nontraditional processed products.)

Meeting at the Chamber of Industries

The Foreign Trade Commission of the Uruguayan Chamber of Industries will receive the Yugoslav delegation today at 1700 hours. The visitors will be accompanied by Joze Bacic, the permanent delegate of the Yugoslav Chamber of Economy for the southern portion of South America, with headquarters in Buenos Aires, who arrived yesterday with businessmen and members of the diplomatic mission accredited to our government.

Also present at the meeting will be industrialists in the sectors of leather, wool, textiles, food and agricultural industries.

#### What Is the Mission's Interest

The members of the mission visiting us are interested in buying in Uruguay all kinds of raw materials of agricultural and livestock origin: unwashed and washed wool and wool tops, raw wool yarn, knitting yarn, wool knits, ponchos, blankets, raw cowhide and sheepskins, tanned, semiprocessed and finished hides, fish and sea products, fishmeal, linen and linseed oil, soybeans and all kinds of oil-bearing seeds, all kinds of citrus fruit, rice, granites and all kinds of nontraditional products of interest to the Yugoslav market and to the international markets with which Yugoslavia maintains excellent trade relations.

#### What They Are Offering

For their part, Yugoslav industrial and trade firms offer a series of products, plants and industrial equipment for agricultural development, hydroelectric plants and electronic products in general, conduits and cables of all types and capacity, refrigeration equipment, fishing ships and all kinds of plants for the fishing industry, wool washing equipment; machinery in general for the textile industry and manufacture of leather, rolling stock ranging from freight cars to the most modern passenger cars; rails, sleepers and all kinds of railroad spare parts; ferrous and non-ferrous metallurgical products (all kinds of steel, copper, bronze, zinc, lead, aluminium, and so on), tractors and all kinds of agricultural machinery, road vehicles and machinery, industrial chemical products, pharmaceutical products, and so on, fertilizers, insecticides, pesticides, and so on; chemical products, machinery for the manufacture of all kinds of metals, wood and plastics; tool and spare parts for automotive vehicles in general and a large assortment of consumer goods ranging from tobacco (the best Oriental kind), universally known typical beverages and specialty food products, to vehicles and the most sophisticated sports boats and airplanes.

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**DATE FILMED**

Aug 24, 1979

